

**MEMORANDUM OF UNDERSTANDING
AMONG THE CITIES OF
MOUNTAIN VIEW, PALO ALTO AND SUNNYVALE
RELATING TO THE CONSTRUCTION AND OPERATION OF A
MATERIALS RECOVERY AND TRANSFER STATION AND
THE LONG TERM DISPOSAL OF MUNICIPAL SOLID WASTE
AT KIRBY CANYON**

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made as of the 30th day of September, 1991, by and among the City of Mountain View, the City of Palo Alto, and the City of Sunnyvale (collectively "Cities").

The Cities agree as follows:

I. Background to and Purpose of MOU

1. The Cities, acting collectively and cooperatively, have negotiated contractual commitments from Waste Management of California, Inc. ("Waste Management") for solid waste disposal capacity at the Kirby Canyon Sanitary Landfill in San Jose. The amount of capacity secured is sufficient to accommodate the Cities' individual requirements for a period of approximately 30 years.

2. The terms and conditions of this commitment of disposal capacity are set forth in three separate, but interrelated, contracts between each of the Cities and Waste Management. The Cities have executed these contracts prior to or concurrently with their execution of this MOU.

3. It is a condition precedent to the effectiveness of the contract between Sunnyvale and Waste Management that all three Cities, on or before October 15, 1991, have entered into a MOU under which Mountain View and Palo Alto commit to deliver Municipal Solid Waste generated within their geographic boundaries to a Materials Recovery and Transfer Station ("SMaRT Station") to be constructed on property owned by Sunnyvale and to pay Sunnyvale a fee for the use of the SMaRT Station.

4. In order to satisfy the condition precedent just described, and to facilitate continued cooperation and coordinated action in relation to the SMaRT Station and Waste Management, the Cities now desire to enter into this MOU.

II. Condition to Effectiveness of MOU

This MOU will become effective if and when the three contracts between the Cities and Waste Management are signed and themselves become effective according to their terms.

III. Cooperative Provisions Applicable to Phase One (Before the SMaRT Station Begins Operation)

1. Sunnyvale is required, under its contract with Waste Management, to negotiate with Waste Management for 75 days (i.e., until December 30, 1991) the terms under which Waste Management would construct and, thereafter, operate the SMaRT Station. During this time, Sunnyvale may prepare a Request for Proposals ("RFP") or Invitation for Bids ("IFB") soliciting other waste management firms to offer to construct and operate the SMaRT Station, but may not release it until December 30, 1991, and then only if Sunnyvale and Waste Management have not reached a mutually satisfactory agreement.

2. Sunnyvale will keep Mountain View and Palo Alto informed on a regular basis of the progress of the negotiations with Waste Management. Each City may, but need not, send a representative to the negotiating meetings with Waste Management. The Cities will endeavor to reach a consensus on whether Sunnyvale should enter into a contract with Waste Management on the terms developed through the negotiating process or, alternatively, issue an RFP/IFB. All Cities recognize, however, that as the sole contracting party, Sunnyvale must be solely responsible for deciding whether to enter into a negotiated contract or solicit proposals through the RFP/IFB process. Notwithstanding this recognition, however, if any City is not fully satisfied with the decision which Sunnyvale staff intend to recommend to the Sunnyvale City Council, the City Managers of all three Cities will meet to consider the issues and alternatives. No staff report will be forwarded to the Sunnyvale City Council until this meeting has been held, or an adequate opportunity for it to be held has been provided.

3. All three Cities will, concurrently with the negotiations with Waste Management, collaborate in preparing the RFP/IFB. The Cities will endeavor to reach a consensus on the format and content of the RFP/IFB. All Cities recognize, however, that as the public entity issuing the RFP/IFB, Sunnyvale must be solely responsible for ultimate decisions on its format and content. Notwithstanding this recognition, however, if any City is not fully satisfied with elements in the RFP/IFB which Sunnyvale staff intends to recommend to the Sunnyvale City Council, the City Managers of all three Cities will meet to consider the issues and alternatives. Sunnyvale will not issue

the RFP/IFB until this meeting has been held, or an adequate opportunity for it to be held has been provided.

4. Whether the SMaRT Station is constructed by Waste Management pursuant to a negotiated contract or by a company selected through the RFP/IFB process, Sunnyvale will require that the Transfer Station to be constructed is consistent in all material respects (e.g., location, size, throughput capacity, recycling capabilities) with that described in the Final Environmental Impact Report on the SMaRT Station certified by the Sunnyvale City Council on September 25, 1990, unless the changes are agreed to by both Mountain View and Palo Alto.

5. After the contract for construction and operation is awarded, Sunnyvale will be solely responsible for administering the construction contract. Sunnyvale will keep Mountain View and Palo Alto informed, on a regular basis, of the progress of construction. Sunnyvale will promptly alert the Cities to any difficulties encountered in construction. In particular, Sunnyvale will immediately alert the Cities to any possibility that the construction will not be completed sufficiently so as to allow Municipal Solid Waste to be transferred to Transfer Vehicles for delivery to Kirby Canyon by July 1, 1993, as contemplated in the Cities' contracts with Waste Management.

including accepted

IV. Cooperative Provisions Applicable to Phase Two (After the SMaRT Station Begins Operation)

1. Each of the three Cities agrees to deliver Municipal Solid Waste to the SMaRT Station in sufficient quantity so that 75 percent of each City's respective annual Allocation Quantity, set forth in Exhibit A to the Cities' contracts with Waste Management, is delivered to Kirby Canyon.

2. Each of the three Cities agrees to pay to Sunnyvale or to the operator of the SMaRT Station, as Sunnyvale directs, the following:

A. Tipping Fee, to be established under the contract to be entered into between Sunnyvale and the company selected to construct and operate the SMaRT Station.

B. Disposal Fee (plus applicable taxes and fees), due to Waste Management under each City's contract with Waste Management. The Disposal Fee due from each City will be determined by multiplying the total amount due as shown on periodic invoices from Waste Management for Municipal Solid Waste delivered to Kirby Canyon by a fraction, the numerator of which is the amount, in Tons, of Municipal Solid Waste delivered by each City to the Transfer Station, and the denominator of which

is the total amount of Municipal Solid Waste delivered to the Transfer Station.

In making the foregoing calculation, the following rules will apply:

(1) Only Municipal Solid Waste for which a Tipping Fee is charged (i.e., waste material in vehicles that are directed to the tipping floor of the Transfer Station) will be included in the calculation; Recyclable Materials which are separately delivered for processing and recovery, and which do not need to be routed through the tipping floor, will be excluded.

(2) If the Transfer Station accepts publicly hauled waste (i.e., waste which is delivered by private individuals and not by the Cities' Designated Haulers), and the Cities receive a portion of the Tipping Fee revenues paid by such individuals, then Municipal Solid Waste so delivered will be attributed to the City from which it or the driver originates and will be included in the above calculation.

(3) If the Transfer Station accepts publicly hauled waste (i.e., waste which is delivered by private individuals and not by the Cities' Designated Haulers), but the Cities do not receive any portion of the Tipping Fee revenues paid by such individuals, the Municipal Solid Waste so delivered will not be attributed to the City from which it or the driver originates and will not be included in the above calculation.

The same formula will be used to allocate credit for recycling conducted at the Transfer Station which involves Municipal Solid Waste delivered to the tipping floor.

As of August 1991, the Disposal Fee is \$21.99 plus \$5.53 in applicable taxes and fees.

C. The City's share of the Minimum Quantity Disposal Fee, if in any year the total Municipal Solid Waste delivered to Kirby Canyon is less than the total of the three Cities' Allocation Quantity for that year.

If the Minimum Quantity Disposal fee becomes payable, it will be allocated among the three Cities as follows:

- if only one City failed to deliver an amount of Municipal Solid Waste to the SMaRT Station equal to ~~75~~ percent of its annual Allocation Quantity divided by one minus the SMaRT Station recycling percentage (a single percentage to be agreed upon from time to time), then that City is solely responsible for the Minimum Quantity Disposal Fee provision becoming operative and it shall pay the Disposal Fee due for the difference between

the Minimum Quantity and the quantity of Municipal Solid Waste actually delivered;

- if two Cities fail to deliver an amount of Municipal Solid Waste to the SMaRT Station equal to 75th percent of their respective annual Allocation Quantities divided by one minus the SMaRT Station recycling percentage, then each of those two Cities' share of the Disposal Fee due for the difference between the Minimum Quantity and the quantity of Municipal Solid Waste actually delivered will be determined by a fraction, the numerator of which is the amount, in Tons, by which each City fell short of delivering 75th percent of its Allocation Quantity, and the denominator of which is the sum, in Tons, of those two amounts;

- if all three Cities fail to deliver an amount of Municipal Solid Waste to the SMaRT Station equal to 75th percent of their respective annual Allocation Quantities divided by one minus the SMaRT Station recycling percentage, then each City's share of the Disposal Fee due for the difference between the Minimum Quantity and the quantity of Municipal Solid Waste actually delivered will be determined by a fraction, the numerator of which is the amount, in Tons, by which each City fell short of delivering 75th percent of its Allocation Quantity, and the denominator of which is the amount, in Tons, by which total deliveries to Kirby Canyon fell short of the total Minimum Quantity for all three Cities.

It is the intent of all Cities to coordinate efforts to meet Minimum Quantity requirements and, thus, avoid additional Disposal Fees. However, no City has any obligation under this MOU to deliver more Municipal Solid Waste to the SMaRT Station than it is required to do by its contract with Waste Management in order to offset the Minimum Quantity obligations of any other City or Cities which do not deliver the minimum amount of Municipal Solid Waste required to be delivered under their contract(s) with Waste Management.

D. . The Cities' share of Excess Quantity Disposal Fee, if in any year the total Municipal Solid Waste delivered to Kirby Canyon exceeds 110 percent of the total of the three Cities' Allocation Quantity for that year and one or more of the Cities has/have assigned some or all of their Allocation Quantity to a municipality other than one of the three Cities.

If an Excess Quantity Disposal Fee becomes payable, it will be allocated among the three Cities as follows:

- if only one city has assigned some or all of its Allocation Quantity to a municipality other than one of the three Cities, then that City will be solely responsible for the Excess Quantity Disposal Fee becoming operative and it shall pay the Excess Quantity Disposal Fee due for the difference between

the total annual Allocation Quantity and the actual quantity of Municipal Solid Waste delivered from the SMaRT Station to Kirby Canyon;

- if more than one City has assigned some or all of its Allocation Quantity to a municipality other than one of the three Cities, then its share will be determined by the fraction which the sum of Municipal Solid Waste delivered to the SMaRT Station by it and by its assignee bears to all Municipal Solid Waste delivered to the Transfer Station by all Cities which have also assigned their Allocation Quantity and by their assignees.

3. Palo Alto and Mountain View will pay to Sunnyvale, or to the operator of the SMaRT Station as Sunnyvale directs, a Host Fee for use of the SMaRT Station. At the commencement of this MOU, the Host Fee will be \$2.28 per Ton of Municipal Solid Waste delivered to the SMaRT Station. The Host Fee will be adjusted as of July 1, 1992 and annually thereafter to reflect changes in the San Francisco/Oakland/San Jose Metropolitan Area Consumer Price Index (All Urban Consumers; 1982-84=100) compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics. The Index level as of May 1991 (136.2) shall be the Base Index. The Host Fee shall be adjusted on July 1, 1992, for example, by multiplying \$2.28 by one plus the percentage change from the Base Index to the Index level as of May 1992.

4. Each City will comply with its obligations under Section 2.04 of its contract with Waste Management and will require its Designated Haulers to do so. Each City will comply and will require its Designated Haulers to comply with the Hazardous Waste Exclusion Program adopted by the operator of the SMaRT Station.

5. Each City will pay amounts due promptly and within the time periods specified for payment in Section 4.04 of its contract with Waste Management. Palo Alto and Mountain View will pay amounts due Sunnyvale in sufficient time to allow Sunnyvale to pay Waste Management within the time period specified for payment in Sunnyvale's contract with Waste Management.

6. The Cities will consult with each other and use their best efforts to establish consistent, coordinated positions, policies and actions in relation to Waste Management including, but not limited to, issues arising under the following provisions of the Cities' contracts with Waste Management:

- Section 1.03 (Extension of Term)
- Section 4.03 (Effect of Future Regulations)
- Section 4.04 (Billing and Payment Procedure)
- Section 5.02.A (Waste Management Insurance)
- Article 6 (Default by City)
- Article 7 (Default by Contractor)

- Section 8.02.B (Impossibility of Performance)
- Section 8.05.C (Approval of Assignment by Waste Management)

7. Each City will keep the other Cities informed of any plans it has to assign a portion of its Allocation Quantity and shall afford each of the other Cities the first right to acquire any portion of its Allocation Quantity which it intends to assign.

Each City will, as provided above, be responsible for any Excess Quantity Disposal Fee which may be incurred as a result of its assignment of Allocation Quantity. No City will assign any or all of its Allocation Quantity without the prior written consent of the other Cities, which consent will not be unreasonably withheld.

8. Each City will appoint one staff person who will be its representative in staff contacts between and among the Cities with regard to this MOU and to whom day to day communications and notices relating to it should be addressed.

These representatives will endeavor to foster coordination and cooperation in the implementation of this MOU and the parallel contracts with Waste Management and with the operator of the SMaRT Station. The representatives will meet at least once a month during Phase 1 and for the first six months of Phase 2 (i.e., until approximately January 1, 1994). Thereafter, they may meet as frequently as they consider necessary and appropriate. The representatives will not have authority to modify or amend this MOU.

9. The term of this MOU is 30 years from the effective date (i.e., October 15, 1991). The MOU will terminate prior to October 15, 2021, if all three Cities have exhausted their Allocation Quantities prior thereto. After 25 years or after 6,700,000 Tons of the Cities' Allocation Quantity has been utilized, whichever occurs first, the three Cities will meet to discuss all issues relevant to the possible extension of the Term by one or more Cities under Section 1.03 of the contracts with Waste Management. These meetings will continue for a period of six (6) months so as to permit the greatest degree of coordination and cooperation in the extensions. Sunnyvale is not required to operate the SMaRT Station beyond October 15, 2021, even if one or both of the other Cities wishes to extend the Term of its or their contracts with Waste Management, unless Sunnyvale elects to extend the Term of its contract with Waste Management and then only for so long as it extends the Term of its contract, unless other arrangements satisfactory to Sunnyvale are made.

10. Capitalized terms in this MOU have the meaning assigned to them in Appendix One of the contracts between the Cities and Waste Management.

11. This MOU may be amended only with the consent of all parties, and any such amendments shall be in writing.

IN WITNESS WHEREOF, the Cities have executed this MOU as of the day and year first above written.

CITY OF MOUNTAIN VIEW

By: K. D. Duggan
Title: City Manager

Date: 10/2, 1991

Attest: B. K. Koliopoulos
City Clerk

Approved as to form:

[Signature]
City Attorney

CITY OF PALO ALTO

By: [Signature]
Title: CITY MANAGER

Date: 10/12, 1991

Attest: [Signature]
City Clerk

Approved as to form:

Koreen Kelleher, Asst.
City Attorney

CITY OF SUNNYVALE

By: [Signature]
Title: City Manager
Attest: [Signature]
City Clerk

Date: 9/11, 1991

Approved as to form:

[Signature]
City Attorney

FIRST SUPPLEMENT TO MEMORANDUM OF UNDERSTANDING
AMONG THE CITIES OF
MOUNTAIN VIEW, PALO ALTO AND SUNNYVALE
RELATING TO THE CONSTRUCTION AND OPERATION OF A
MATERIALS RECOVERY AND TRANSFER STATION AND
THE LONG TERM DISPOSAL OF MUNICIPAL SOLID WASTE
AT KIRBY CANYON

THIS FIRST SUPPLEMENT TO MEMORANDUM OF UNDERSTANDING ("MOU") is made as of the 17th day of March, 1992, by and among the City of Mountain View, the City of Palo Alto, and the City of Sunnyvale (collectively "Cities").

RECITALS

A. The Cities entered into a Memorandum of Understanding as of September 30, 1991, in order to facilitate continued cooperation and coordinated action among them in relation to a Materials Recovery and Transfer Station to be located in Sunnyvale and jointly used by all Cities ("SMaRT Station") and in relation to Waste Management of California, Inc. ("Waste Management"), with which each of the Cities had entered into long-term contracts for disposal of Municipal Solid Waste at the Kirby Canyon Sanitary Landfill.

B. As contemplated by the MOU, Sunnyvale negotiated with Waste Management regarding the terms and conditions under which Waste Management would construct and thereafter operate the SMaRT Station. At the end of December 1991, all of the Cities concluded that it would be in their best interest for Sunnyvale to issue a Request for Proposals ("RFP") to qualified firms for construction and operation of the SMaRT Station, a course of action also contemplated by the MOU.

C. An RFP was developed by Sunnyvale with the advice and assistance of the other cities and issued in January 1992. The RFP and addenda thereto reflect the consensus of all Cities as to matters of both format and content, including the SMaRT Station's capacity of 1,500 Tons per day. Proposals in response to the RFP are due to be received on April 2, 1992.

D. In order to allow for timely action on the Proposals received, the Cities now desire to memorialize agreement on certain aspects of the SMaRT Station operation.

The Cities agree as follows:

1. Section IV.1 of the MOU is amended by adding thereto the following sentence:

"In addition, each of the Cities agrees to deliver Municipal Solid Waste to the SMaRT Station in an amount not less than 88 percent of each City's respective annual Allocation Quantity set forth in Exhibit A to the Cities' contracts with Waste Management as it exists as of the date of this Supplement, a copy of which Exhibit is attached hereto and incorporated herein by this reference."

2. Section IV.2 of the MOU is amended by adding a new Subsection E, to read as follows:

"E. The City's share of the Recycling Incentive Fee provided for in Section 6.03 of the Agreement between Sunnyvale and the operator of the SMaRT Station if and when such Fee is earned. Each City's share of the Recycling Incentive Fee will be determined by multiplying the Recycling Incentive Fee earned by a fraction, the numerator of which is the amount, in Tons, of Municipal Solid Waste delivered by each City to the SMaRT Station during the period the Recycling Incentive Fee was earned and the denominator of which is the total amount of Municipal Solid Waste delivered to the SMaRT Station by all three Cities during that period."

3. Section IV.2 of the MOU is amended by adding a new Subsection F, to read as follows:

"F. The City's share of payments due the operator of the SMaRT Station to offset an annual Revenue Shortfall due to delivery of Municipal Solid Waste in quantities less than the minimum quantities contemplated in the Agreement between Sunnyvale and the operator of the SMaRT Station and set out in Exhibit M to the Agreement between Sunnyvale and the operator of the SMaRT Station contained in the RFP."

Each City's share of amounts due the operator to offset a Revenue Shortfall will be based on the amount, if any, which

each City's delivery of Municipal Solid Waste to the SMaRT Station during the year for which an offset payment is due fell below 88 percent of that City's annual Allocation Quantity and will be calculated following the same procedure specified in Section IV(2)(C) of this MOU to allocate responsibility for the Minimum Quantity Disposal Fee."

4. Section IV.2 of the MOU is amended by adding a new Subsection G, to read as follows:

"G. Each City's share of the cost of the initial and subsequent periodic waste characterization studies conducted by Sunnyvale or jointly by Sunnyvale and the operator of the SMaRT Station, as contemplated by Section 4.06 of the Agreement between Sunnyvale and the operator of the SMaRT Station contained in the RFP. Each City's share will be determined by multiplying the cost of the study by a fraction, the numerator of which is the amount, in Tons, of Municipal Solid Waste, in Tons, delivered to the SMaRT Station by each City during the calendar year preceding the study's completion and the denominator of which is the total amount of Municipal Solid Waste delivered to the SMaRT Station in that calendar year by all three Cities."

5. Section IV.2 of the MOU is amended by adding a new Subsection H, to read as follows:

"H. Each city's share of the costs of disposition of Recyclable Materials, if any become payable under the Agreement between Sunnyvale and the operator of the SMaRT Station.. In calculating each city's share of these costs, the following principles will apply:

A. If the Recyclable Materials for which a disposition cost is incurred were delivered by only one city, then that city will be responsible for the cost of disposition.

B. If the Recyclable Materials for which a disposition cost is incurred were delivered by more than one city, then the

cost of disposition will be allocated in proportion to each city's contribution to such Recyclable Materials. Each city's contribution will be the sum of its share of each of three input streams, i.e., (1) Recyclable Materials delivered to the buyback/dropoff center, (2) Source-Separated Recyclable Materials delivered by a city or its Designated Hauler, and (3) Recyclable Materials recovered from Municipal Solid Waste. Each city's share of the input stream, in turn, will be determined by the amount of Recyclable Materials, if any, which it delivers to each input stream. With respect to the buyback/dropoff center stream, each city's share will be based on the amount of Recyclable Materials delivered by residents of each city. With respect to the Source-Separated Recyclable Materials stream, each city's share will be based on the amount of Source-Separated Recyclable Materials delivered by it or by its Designated Hauler. With respect to the Municipal Solid Waste stream, each city's share will be based on the amount of Municipal Solid Waste delivered by each city to the Transfer Station.

The Agreement between Sunnyvale and the Transfer Station operator will, to the extent practicable, require the SMaRT Station operator to collect and record data, by city of origin, in sufficient detail for the calculations contemplated in this section to be carried out."

6. Section IV.10 of the MOU is amended by adding the following sentence:

"In addition, 'Municipal Solid Waste delivered by a City' means, for purposes of this MOU, Municipal Solid Waste delivered by City employees or by its Designated Hauler."

7. A new Section IV.12 is added to the MOU, to read as follows:

"12. The Cities of Sunnyvale and Mountain View agree to deliver, or cause to be delivered, to the SMaRT Station all Recyclable Materials collected from residences by City employees, the City's

Designated Hauler, or other Persons operating under contract with the City."

8. A new Section IV.13 is added to the MOU, to read as follows:

"13. The Cities agree that revenues from the sale of Recyclable Materials delivered to the SMaRT Station will be allocated among them in proportion to their respective contribution of such materials, taking into account quantity, type and grade of materials, including degree of separation. The parties will develop the details and mechanisms necessary to implement this allocation prior to the opening of the SMaRT Station for operation."

IN WITNESS WHEREOF, the Cities have executed this Supplement to Memorandum of Understanding as of the day and year first above written.

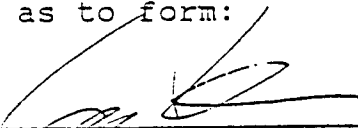
CITY OF MOUNTAIN VIEW

By: 
Title: CITY MANAGER


Date: 4-2-92

Attest: 
City Clerk

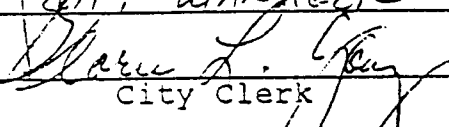
Approved as to form:


City Attorney

CITY OF PALO ALTO

By: 
Title: CITY MANAGER

Date: 4-14-92

Attest: 
City Clerk

Approved as to form:


City Attorney

CITY OF SUNNYVALE

By: [Signature]
Title: City Manager
Attest: [Signature]
City Clerk

Date: 3/19/92

Approved as to form:

[Signature]
City Attorney

EXHIBIT A

LIST OF ALLOCATION QUANTITIES IN TONS

<u>YEAR</u>	SUNNYVALE	MOUNTAIN VIEW	PALO ALTO	TOTAL
1992	0	0	0	0
1993 *	82,127	44,657	29,480	156,263
1994	159,076	75,885	59,168	294,129
1995	153,794	76,465	59,472	289,731
1996	150,529	77,381	57,742	285,712
1997	147,249	78,309	55,971	281,529
1998	143,845	79,249	54,159	277,253
1999	140,379	53,488	52,304	246,171
2000	136,848	54,112	50,408	241,368
2001	135,513	54,480	50,912	240,905
2002	136,436	54,850	51,421	242,707
2003	137,365	55,224	51,935	244,524
2004	138,301	55,600	52,455	246,356
2005	139,243	55,980	52,979	248,202
2006	140,191	56,361	53,509	250,061
2007	141,146	56,744	54,044	251,934
2008	142,107	57,130	54,565	253,822
2009	143,075	57,518	55,130	255,723
2010	144,049	57,909	55,682	257,640
2011	145,030	58,303	56,239	259,572
2012	146,018	58,700	56,801	261,519
2013	147,013	59,099	57,369	263,481
2014	148,014	59,501	57,943	265,458
2015	149,022	59,905	58,522	267,449
2016	150,037	60,312	59,107	269,456
2017	151,059	60,723	59,698	271,480
2018	152,087	61,136	60,295	273,518
2019	153,123	61,551	60,898	275,572
2020	154,166	61,970	61,507	277,643
2021 **	116,412	46,793	46,592	209,797
TOTAL	4,123,310	1,749,333	1,586,326	7,458,970

* Assumes deliveries begin July 1, 1993.

** Assumes deliveries end September 30, 2021.

Q15
05 *28*

City of Palo Alto

P. O. BOX 10250
PALO ALTO, CALIFORNIA 94301

FILE COPY

APR 22 1992

415-329-2563

April 16, 1992

Mark Harris
Utilities Director
City of Mountain View
P. O. Box 7540
Mountain View, CA 94039

Hi Mark!

I told Mike Miller that once the First Supplement to Kirby Canyon Memorandum of Understanding had been signed by everyone I would send an original to you. So, here is your City's copy of the MOU.

Very truly yours,



MILLIE SWAN
Administrative Secretary
to the City Manager

/ms

Enclosure



AGENDA: March 17, 1992

CATEGORY: Consent

DEPT.: Utilities/Solid Waste Program Division

TITLE: Supplement to MOU Between Mountain View, Sunnyvale and Palo Alto for Long-Term Disposal of Refuse

RECOMMENDATION

1. Approve the supplement to the Memorandum of Understanding (MOU) between Mountain View, Sunnyvale and Palo Alto for long-term refuse disposal and authorize the City Manager to finalize the document.
2. Authorize the City Manager to approve any additional (nonfinancial or technical) minor changes to the MOU as needed.

FISCAL IMPACT

There are no additional costs associated with the supplement above and beyond those initially identified when Council approved the MOU on September 24, 1991. It is important to note, however, that the anticipated tipping fee charged to use the facility has increased significantly since Council approved the document. A conservatively low estimate is that the fee will be approximately \$40 per ton compared to the \$30 per ton originally estimated, an increase of \$700,000 per year. This change is due to the need to go to bid on the transfer facility and revised estimates of the cost of operating the facility and is based on similar projects recently undertaken in California.

BACKGROUND AND ANALYSIS

The Memorandum of Understanding approved by Council on September 24, 1991 committed the City's refuse to the Sunnyvale Materials Recovery and Transfer Station (SMaRT Station). The MOU was intended to supplement the contracts between each city and Waste Management of California (WMC) for disposal capacity at Kirby Canyon and formalize the intent of the cities to cooperate with each other before and after the transfer station begins operation and during the 30-year term of the landfill agreements with WMC. Additionally, the MOU addresses the relationship among the cities and the operator of the transfer station to be built in Sunnyvale. It was originally believed that the MOU would continue to evolve as details of the SMaRT Station became clearer. The supplement begins to establish in writing the details of the operation not initially defined in the MOU.

The MOU supplement outlines the specific costs associated with the operation of the facility and establishes the responsibility of each City while fine-tuning the terms and

APPROVED BY THE MOUNTAIN VIEW
CITY COUNCIL ON MARCH 17, 1992

conditions of the tonnage commitments, financial accountability and revenue-sharing aspects. It is essential that the supplement be in place prior to the award of the bid in May to assure that the contractual arrangements and commitments are firm. The document memorializes several key items:

- It specifies the annual tonnage commitment of Municipal Solid Waste for each of the three Cities.
- It specifies the City's share of the costs associated with the Recycling Incentive Fee provided to the operator of the SMaRT Station.
- Outlines the formula used to determine how a revenue shortfall will be offset should delivery of Municipal Solid Waste be less than the minimum quantities committed.
- Commits the City's Residential Recyclable Materials to the facility.

SUMMARY

The supplement was developed with the assistance of Mountain View staff and reviewed by the City Attorney. The document reflects the consensus of all three Cities and provides further clarification of the operation of the Materials Recovery and Transfer Station. Staff is confident that the supplement represents the best interest of the City of Mountain View and recommends its approval. In addition, staff is recommending that Council authorize the City Manager to approve any additional minor changes (nonfinancial or technical) that might be required as the document continues to evolve.

Prepared by:

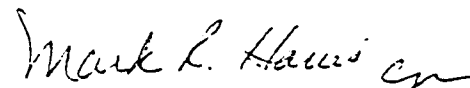


Daniel I. Armenta
Solid Waste Program Manager

DIA/CAM
742-3-5-92M

Attachment

Approved by:



Mark R. Harris
Utilities Director

Kevin C. Duggan
City Manager

3

SECOND MEMORANDUM OF UNDERSTANDING
AMONG THE CITIES OF
MOUNTAIN VIEW, PALO ALTO AND SUNNYVALE
RELATING TO THE CONSTRUCTION AND OPERATION OF A
MATERIALS RECOVERY AND TRANSFER STATION AND
THE LONG TERM DISPOSAL OF MUNICIPAL SOLID WASTE
AT KIRBY CANYON

THIS SECOND MEMORANDUM OF UNDERSTANDING ("Second MOU") is made as of the 9th day of June, 1992, by and among the City of Mountain View, the City of Palo Alto, and the City of Sunnyvale (collectively "Cities").

The Cities agree as follows:

I. Background to and Purpose of MOU

1. The Cities, acting collectively and cooperatively, have negotiated contractual commitments from Waste Management of California, Inc. ("Waste Management") for solid waste disposal capacity at the Kirby Canyon Sanitary Landfill in San Jose. The amount of capacity secured is sufficient to accommodate the Cities' individual requirements for a period of approximately 30 years.

2. The terms and conditions of this commitment of disposal capacity are set forth in three separate, but interrelated, contracts between each of the Cities and Waste Management.

3. It was a condition precedent to the effectiveness of the contract between Sunnyvale and Waste Management that all three Cities, on or before October 15, 1991, have entered into a MOU under which Mountain View and Palo Alto commit to deliver Municipal Solid Waste generated within their geographic boundaries to a Materials Recovery and Transfer Station ("SMaRT Station") to be constructed on property owned by Sunnyvale and to pay Sunnyvale a fee for the use of the SMaRT Station.

4. In order to satisfy the condition precedent just described, and to facilitate continued cooperation and coordinated action in relation to the SMaRT Station and Waste Management, the Cities entered into a Memorandum of Understanding dated as of September 30, 1991 ("MOU").

5. As contemplated by the MOU, Sunnyvale negotiated with Waste Management regarding the terms and conditions under

which Waste Management would construct and thereafter operate the SMaRT Station. At the end of December 1991, all of the Cities concluded that it would be in their best interests for Sunnyvale to issue a Request for Proposals ("RFP") to qualified firms for construction and operation of the SMaRT Station, a course of action also contemplated by the MOU.

6. An RFP was developed by Sunnyvale with the advice and assistance of the other Cities and issued in January 1992. The RFP and addenda thereto reflect the consensus of all Cities as to matters of both format and content, including the SMaRT Station's capacity of 1,500 tons per day.

7. Proposals in response to the RFP were received from two firms on April 2, 1992. Sunnyvale, with the assistance of the other Cities, is now evaluating those Proposals.

8. The contract between Sunnyvale and Waste Management also envisions an option under which Sunnyvale would not award a single contract for construction and operation of the Station but would, instead, construct the Station itself or jointly with one or both of the other Cities and thereafter decide on the method and details of an operating contract. The Cities believe that such an approach may have advantages for all Cities and should be evaluated along with the Proposals received in response to the RFP.

9. Whether Sunnyvale selects a Proposal and awards a contract for construction and operation of the SMaRT Station to one of the Proposers or elects to construct the Station itself and operate it, or defer the operating procedures for a later contract, Sunnyvale must indicate to Waste Management on or before April 30, 1992 that it is prepared to proceed with construction of the SMaRT Station. Provided Waste Management makes certain required representations regarding the permits for Kirby Canyon by April 30, 1992, Sunnyvale must thereafter decide to actually proceed with construction either through one contract, several separate contracts, or some other method such as constructing the Station itself. And in order for Sunnyvale to proceed with construction of the SMaRT Station on its own, it must have the assurance of the other Cities that they will participate in the capital and operating costs of the SMaRT Station which will be directly incurred by Sunnyvale. Since the MOU, and the First Supplement thereto dated as of March 17, 1992, contemplated a single, long-term contract with a third party which would finance, design, construct and operate the SMaRT Station, it does not directly address certain aspects on which all Cities desire to have a clear agreement amongst themselves before Sunnyvale proceeds with the alternative of financing and constructing the SMaRT Station itself.

10. In order to allow for a timely decision to be made between Sunnyvale's accepting one of the Proposals and

constructing the SMaRT Station itself, the Cities now desire to memorialize agreement on how that decision will be made, and on their respective obligations amongst themselves during construction and operation of the Station if it is in fact decided that it is in the best interests of all Cities for Sunnyvale to finance and construct the SMaRT Station itself.

II. Decision on Method of Construction of SMaRT Station

1. Sunnyvale will, with the assistance of the other Cities, evaluate the Proposals received. On or before April 29, 1992, the City Manager of Sunnyvale will present a report to the City Managers of Mountain View and Palo Alto. This report, which may be presented orally, will address the advantages and disadvantages of (a) Sunnyvale's accepting the best Proposal or (b) Sunnyvale's rejecting all Proposals and proceeding to finance and construct the SMaRT Station itself, utilizing a series of prime contracts and the assistance of an experienced engineering firm as construction manager.

2. Sunnyvale will not reject all Proposals and proceed to construct the SMaRT Station itself unless the City Managers of all three Cities agree that this is the best course. If all three City Managers do so agree, that recommendation will be made to the Sunnyvale City Council. The Sunnyvale City Council, notwithstanding such a recommendation, may decide to accept one of the Proposals. If it does accept one of the Proposals, this Second MOU will be of no further force or effect, as provided in Section VI.2.

III. Cooperative Provision Applicable To Phase One (Before the SMaRT Station Begins Operation)

1. Sunnyvale will arrange for the construction of the SMaRT Station, which will be consistent in all material respects (e.g. location, size, throughput capacity, recycling capabilities) with the Project described in the RFP and the addenda thereto, unless the changes are agreed to by both Mountain View and Palo Alto.

2. Sunnyvale will require in all construction contracts that the SMaRT Station be completed sufficiently so that it is able to operate as a Transfer Station (i.e., for Municipal Solid Waste to be transferred to Transfer Vehicles for delivery to Kirby Canyon) by July 1, 1993, as contemplated in the Cities' Disposal Contracts with Waste Management.

3. Sunnyvale will be solely responsible for securing funds to pay the costs of design, construction management, payment of \$400,000 to Waste Management for design documents, and construction of the SMaRT Station (and associated site improvements, including access roads) and for administration of the contracts involved in the design and construction process.

Sunnyvale will keep Mountain View and Palo Alto informed, on a regular basis, of the progress of construction. Sunnyvale will promptly alert the Cities to any difficulties encountered in construction. In particular, Sunnyvale will immediately alert the Cities to any possibility that the construction will not be completed by July 1, 1993 as described in the foregoing paragraph.

4. Sunnyvale will own the SMaRT Station.

5. The cities of Mountain View and Palo Alto will reimburse Sunnyvale for their share of all costs of design, payment of \$400,000 to Waste Management, construction and construction management related to the SMaRT Station and associated site improvements, including the access roads ("capital costs"). Each city's share will be based on its proportion of the three Cities' capacity currently reserved at Kirby Canyon, as shown on Exhibit A to each city's contract with Waste Management, a copy of which is attached hereto as Exhibit A and incorporated herein by this reference. As shown on Exhibit A, each city's share of the total capital costs, and the percentage Mountain View and Palo Alto will reimburse to Sunnyvale is:

Mountain View	23.45%
Palo Alto	21.27%
Sunnyvale	55.28%

6. Sunnyvale anticipates issuing revenue bonds, certificates of participation, or other evidences of indebtedness to pay for some or all of the capital costs. If Sunnyvale does finance some or all of the capital costs, Mountain View and Palo Alto will pay to Sunnyvale their share of the debt service, based on the percentages set forth in the foregoing paragraph. Such payments will be made at the frequencies required by the evidence of indebtedness and at times required to permit Sunnyvale to make the periodic debt service payments when due. To the extent that some or all of the capital costs are not financed, but are paid by Sunnyvale from its funds, then Mountain View and Palo Alto will reimburse Sunnyvale for their proportionate share of such costs advanced by Sunnyvale, within thirty (30) days after receipt of a bill from Sunnyvale.

7. Attached hereto as Exhibit B, is a proposed budget for the anticipated capital costs for the Station. If the City of Sunnyvale hereafter determines that its actual capital costs will exceed the projected capital costs reflected in Exhibit B by more than twenty percent (20%), Sunnyvale shall notify the other Cities within a reasonable time of such determination and the Cities shall promptly review the capital costs incurred and to be incurred in completing the Station, and shall establish a new budget for the remaining improvements and other costs that comprise the capital investment. None of the Cities shall

unreasonably delay or withhold its consent in authorizing such an amended budget. For these purposes, it shall be unreasonable to refuse consent to additional capital costs which are necessary for the completion of the Station and which are budgeted consistent with market rates for the required materials, labor and effort, including administrative and overhead costs to be incurred by Sunnyvale. If the City of Sunnyvale thereafter again determines that its actual costs in pursuing the completion of the Station exceeds an approved revised budget amount by more than twenty percent (20%), Sunnyvale shall again notify the other Cities within a reasonable time of such determination and the Cities shall again review and approve a new budget as in the first instance. If the Cities fail to reach agreement on a revised budget under this provision, the Cities shall immediately submit such a dispute to binding arbitration, and the arbitrator shall determine what the adjusted budget should be.

IV. Cooperative Provisions Applicable to Phase Two (After the SMaRT Station Begins Operation)

1. Each of the three Cities agrees to deliver Municipal Solid Waste to the SMaRT Station in sufficient quantity so that 75 percent of each city's respective annual Allocation Quantity, set forth in Exhibit A to the Cities' contracts with Waste Management, is delivered to Kirby Canyon. In addition, each of the Cities agrees to deliver Municipal Solid Waste to the SMaRT Station in an amount not less than 88 percent of each city's respective annual Allocation Quantity set forth in Exhibit A.

2. Commencing on July 1, 1992 all three Cities will collaborate in planning for commencement of operations of the SMaRT Station including the methods of operation (i.e., by the City of Sunnyvale directly or through a contract with a private sector firm) and in the development of Request for Proposals or Invitation for Bids to operate the SMaRT Station. The Cities will endeavor to reach a consensus on the most advantageous method of operation including the terms and conditions of any operating contract, the phasing schedule for recycling operations, etc. All Cities recognize, however, that as the public entity owning and with the responsibility to operate the SMaRT Station, Sunnyvale must be solely responsible for ultimate decisions on the method of operation, including the format and contract of an RFP/IFB and subsequent operating contract. Notwithstanding this recognition, however, if any city is not fully satisfied with elements in the RFP/IFB which Sunnyvale staff intends to recommend to the Sunnyvale City Council, the City Managers of all three Cities will meet to consider the issues and alternatives. Sunnyvale will not issue the RFP/IFB until this meeting has been held, or an adequate opportunity for it to be held has been provided.

3. Each of the three Cities agrees to pay to Sunnyvale or to the operator of the SMART Station, as Sunnyvale directs, the following:

A. Disposal Fee (plus applicable taxes and fees) due to Waste Management under each city's contract with Waste Management. The Disposal Fee due from each city will be determined by multiplying the total amount due as shown on periodic invoices from Waste Management for Municipal Solid Waste delivered to Kirby Canyon by a fraction, the numerator of which is the amount, in Tons, of Municipal Solid Waste delivered by each city to the Transfer Station, and the denominator of which is the total amount of Municipal Solid Waste delivered to the Transfer Station.

In making the foregoing calculation, the following rules will apply:

(1) Only Municipal Solid Waste for which a Tipping Fee would have been charged under the terms of the RFP issued January 17, 1992 and referenced in Section I.6, above (i.e., waste material in vehicles that are directed to the tipping floor of the Transfer Station) will be included in the calculation; Recyclable Materials which are separately delivered for processing and recovery, and which do not need to be routed through the tipping floor, will be excluded.

(2) If the Transfer Station accepts Publicly Hauled Waste (i.e., waste which is delivered by private individuals and not by the Cities' Designated Haulers), and the Cities receive a portion of the Tipping Fee revenues paid by such individuals, then Municipal Solid Waste so delivered will be attributed to the city from which it or the driver originates and will be included in the above calculation.

(3) If the Transfer Station accepts Publicly Hauled Waste (i.e., waste which is delivered by private individuals and not by the Cities' Designated Haulers), but the Cities do not receive any portion of the Tipping Fee revenues paid by such individuals, the Municipal Solid Waste so delivered will not be attributed to the city from which it or the driver originates and will not be included in the above calculation.

The same formula will be used to allocate credit for Recycling conducted at the Transfer Station which involves Municipal Solid Waste delivered to the tipping floor.

As of April 1992, the Disposal Fee is \$21.99 plus \$5.53 in applicable taxes and fees, although the parties recognize that the City of San Jose has announced its intention to increase taxes on disposal of solid waste in San Jose, which, if enacted, would increase the amount of taxes and fees substantially.

B. The Cities' share of the Minimum Quantity Disposal Fee, if in any year the total Municipal Solid Waste delivered to Kirby Canyon is less than the total of the three Cities' Allocation Quantity for that year.

If the Minimum Quantity Disposal fee becomes payable, it will be allocated among the three Cities as follows:

- if only one city failed to deliver an amount of Municipal Solid Waste to the SMaRT Station equal to 75 percent of its annual Allocation Quantity divided by one minus the SMaRT Station recycling percentage (a single percentage to be agreed upon from time to time), then that city is solely responsible for the Minimum Quantity Disposal Fee provision becoming operative and it shall pay the Disposal Fee due for the difference between the Minimum Quantity and the quantity of Municipal Solid Waste actually delivered;

- if two Cities fail to deliver an amount of Municipal Solid Waste to the SMaRT Station equal to 75 percent of their respective annual Allocation Quantities divided by one minus the SMaRT Station recycling percentage, then each of those two Cities' share of the Disposal Fee due for the difference between the Minimum Quantity and the quantity of Municipal Solid Waste actually delivered will be determined by a fraction, the numerator of which is the amount, in Tons, by which each city fell short of delivering 75 percent of its Allocation Quantity, and the denominator of which is the sum, in Tons, of those two amounts;

- if all three Cities fail to deliver an amount of Municipal Solid Waste to the SMaRT Station equal to 75 percent of their respective annual Allocation Quantities divided by one minus the SMaRT Station recycling percentage, then each city's share of the Disposal Fee due for the difference between the Minimum Quantity and the quantity of Municipal Solid Waste actually delivered will be determined by a fraction, the numerator of which is the amount, in Tons, by which each city fell short of delivering 75 percent of its Allocation Quantity, and the denominator of which is the amount, in Tons, by which total deliveries to Kirby Canyon fell short of the total Minimum Quantity for all three Cities.

It is the intent of all Cities to coordinate efforts to meet Minimum Quantity requirements and, thus, avoid additional Disposal Fees. However, no city has any obligation under this MOU to deliver more Municipal Solid Waste to the SMaRT Station than it is required to do by its contract with Waste Management in order to offset the Minimum Quantity obligations of any other city or Cities which do not deliver the minimum amount of Municipal Solid Waste required to be delivered under their contract(s) with Waste Management.

C. The Cities' share of Excess Quantity Disposal Fee, if in any year the total Municipal Solid Waste delivered to Kirby Canyon exceeds 110 percent of the total of the three Cities' Allocation Quantity for that year and one or more of the Cities has/have assigned some or all of their Allocation Quantity to a municipality other than one of the three Cities.

If an Excess Quantity Disposal Fee becomes payable, it will be allocated among the three Cities as follows:

- if only one city has assigned some or all of its Allocation Quantity to a municipality other than one of the three Cities, then that city will be solely responsible for the Excess Quantity Disposal Fee becoming operative and it shall pay the Excess Quantity Disposal Fee due for the difference between the total annual Allocation Quantity and the actual quantity of Municipal Solid Waste delivered from the SMaRT Station to Kirby Canyon;

- if more than one city has assigned some or all of its Allocation Quantity to a municipality other than one of the three Cities, then its share will be determined by the fraction which the sum of Municipal Solid Waste delivered to the SMaRT Station by it and by its assignee bears to all Municipal Solid Waste delivered to the Transfer Station by all Cities which have also assigned their Allocation Quantity and by their assignees.

D. Operating and Maintenance Costs of the SMaRT Station

Mountain View and Palo Alto will pay to Sunnyvale or the Station Operator, as Sunnyvale directs, their share of the costs of operating and maintenance of the SMaRT Station. Such costs will include the categories of expense listed on Exhibit C attached hereto and incorporated herein by this reference.

Each city's share of operating and maintenance costs will be determined by multiplying the total operating and maintenance costs by a fraction, the numerator of which is the amount, in tons, of Municipal Solid Waste delivered by each city to the Station during the period for which costs are being allocated, and the denominator is the total amount in Tons of Municipal Solid Waste delivered to the Station by all three Cities during that period.

If required by Sunnyvale, payments shall be made quarterly, payable on or before the 15th day of the second month in that quarter, based on estimated deliveries, with an annual reconciliation based on actual deliveries during a 12 month period.

E. Host Fee

Palo Alto and Mountain View will pay to Sunnyvale, or to the operator of the SMaRT Station as Sunnyvale directs, a Host Fee for use of the SMaRT Station. At the commencement of this MOU, the Host Fee will be \$2.28 per Ton of Municipal Solid Waste delivered to the SMaRT Station. The Host Fee will be adjusted as of July 1, 1992 and annually thereafter to reflect changes in the San Francisco/Oakland/San Jose Metropolitan Area Consumer Price Index (All Urban Consumers; 1982-84=100) compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics. The Index level as of May 1991 (136.2) shall be the Base Index. The Host Fee shall be adjusted on July 1, 1992, for example, by multiplying \$2.28 by one plus the percentage change from the Base Index to the Index level as of May 1992.

3. The Cities agree that revenues from the sale of Recyclable Materials delivered to the SMaRT Station will be allocated among them in proportion to their respective contribution of such materials, taking into account quantity, type and grade of materials, including degree of separation. The parties will develop the details and mechanisms necessary to implement this allocation prior to the opening of the SMaRT Station for operation.

V. Other Agreements

1. Each city will comply with its obligations under Section 2.04 of its contract with Waste Management and will require its Designated Haulers to do so. Each city will comply and will require its Designated Haulers to comply with the Hazardous Waste Exclusion Program adopted by the operator of the SMaRT Station.

2. Each city will pay amounts due promptly and within the time periods specified for payment in Section 4.04 of its contract with Waste Management. Palo Alto and Mountain View will pay amounts due Sunnyvale in sufficient time to allow Sunnyvale to pay Waste Management within the time period specified for payment in Sunnyvale's contract with Waste Management.

3. The Cities will consult with each other and use their best efforts to establish consistent, coordinated positions, policies and actions in relation to Waste Management including, but not limited to, issues arising under the following provisions of the Cities' contracts with Waste Management:

- Section 1.03 (Extension of Term)
- Section 4.03 (Effect of Future Regulations)
- Section 4.04 (Billing and Payment Procedure)
- Section 5.02.A (Waste Management Insurance)
- Article 6 (Default by City)

- Article 7 (Default by Contractor)
- Section 8.02.B (Impossibility of Performance)
- Section 8.05.C (Approval of Assignment by Waste Management)

4. Each city will keep the other Cities informed of any plans it has to assign a portion of its Allocation Quantity and shall afford each of the other Cities the first right to acquire any portion of its Allocation Quantity which it intends to assign.

Each city will, as provided above, be responsible for any Excess Quantity Disposal Fee which may be incurred as a result of its assignment of Allocation Quantity. No city will assign any or all of its Allocation Quantity without the prior written consent of the other Cities, which consent will not be unreasonably withheld.

Sunnyvale may not enter into any agreement with a third party (excluding third parties who are its Municipal Solid Waste franchise haulers and those hauling Publicly Hauled Waste) for the delivery of any waste product to the SMART Station without the approval of either Palo Alto or Mountain View. If either Palo Alto or Mountain View is the proponent of such a third party contract, it must first obtain the approval of Sunnyvale. Such approvals shall not be unreasonably delayed or refused.

5. Each city will appoint one staff person who will be its representative in staff contacts between and among the Cities with regard to this Second MOU and to whom day to day communications and notices relating to it should be addressed.

These representatives will endeavor to foster coordination and cooperation in the implementation of this Second MOU and the parallel contracts with Waste Management and with the operator of the SMART Station. The representatives will meet at least once a month during Phase 1 and for the first six months of Phase 2 (i.e., until approximately January 1, 1994). Thereafter, they may meet as frequently as they consider necessary and appropriate. The representatives will not have authority to modify or amend this Second MOU.

6. The term of this Second MOU is 30 years from the effective date of the first MOU (i.e., October 15, 1991). The Second MOU will terminate prior to October 15, 2021, if all three Cities have exhausted their Allocation Quantities prior thereto. After 25 years or after 6,700,000 Tons of the Cities' Allocation Quantity has been utilized, whichever occurs first, the three Cities will meet to discuss all issues relevant to the possible extension of the Term by one or more Cities under Section 1.03 of the contracts with Waste Management. These meetings will continue for a period of six (6) months so as to permit the

greatest degree of coordination and cooperation in the extensions. Sunnyvale is not required to operate the SMaRT Station beyond October 15, 2021, even if one or both of the other Cities wishes to extend the Term of its or their contracts with Waste Management, unless Sunnyvale elects to extend the Term of its contract with Waste Management and then only for so long as it extends the Term of its contract, unless other arrangements satisfactory to Sunnyvale are made.

7. Capitalized terms in this Second MOU have the meaning assigned to them in Appendix One of the contracts between the Cities and Waste Management. In addition, "Municipal Solid Waste delivered by a city" means, for purposes of this Second MOU, Municipal Solid Waste delivered by city employees or by its Designated Hauler.

8. This Second MOU may be amended only with the consent of all parties, and any such amendments shall be in writing.

9. The Cities will develop detailed procedure to implement the cost and revenue allocation principles set forth in this Second MOU. To the extent that any such issue cannot be agreed upon, the Cities agree that it will be submitted to binding arbitration in accordance with the Rules of Commercial Arbitration of the American Arbitration Association. In determining the matter in controversy, the arbitrator shall follow the principles and policies for the allocation of costs and revenues as otherwise apply under the provisions of this Second MOU and shall strive to insure there is an equitable allocation of benefits and burdens relative to the matter in dispute.

10. The cities of Sunnyvale and Mountain View agree to deliver, or cause to be delivered, to the SMaRT Station all Recyclable Materials collected from residences by city employees, the city's Designated Hauler, or other Persons operating under contract with the city.

11. The cities of Mountain View and Palo Alto shall be exempt from the effects of any tax, levy, assessment, or other charge (collectively "Charges") not included or provided for under this Second MOU or related agreements executed by the Cities which may be imposed by Sunnyvale on the transport or disposal of solid waste to or at the SMaRT Station, if the effect of such charge is to disproportionately and inequitably burden Palo Alto and Mountain View while shielding the City of Sunnyvale from such charges.

VI. Effectiveness of Second MOU and Relationship to MOU

1. This Second MOU will become effective if Sunnyvale rejects all Proposals and elects instead to construct the SMaRT

Station itself. In that case this Second MOU will supersede the MOU.

2. If Sunnyvale accepts a Proposal, then this Second MOU will of be no further force or effect and the relationship among the Cities will be governed by the MOU and the First Supplement thereto.

3. Whichever course is followed, the Cities hereby reaffirm their commitment to the Kirby Canyon Disposal Contracts and to the construction of the SMART Station by July 1, 1993, as contemplated by the Disposal Contracts.

IN WITNESS WHEREOF, the Cities have executed this Second MOU as of the day and year first above written.

CITY OF MOUNTAIN VIEW

By: [Signature]
Title: CITY MANAGER

Date: June 2, 1992

Attest: [Signature]
City Clerk

Approved as to form:

[Signature]
City Attorney

CITY OF PALO ALTO

By: [Signature]
Title: CITY MANAGER

Date: June 9, 1992

Attest: [Signature]
City Clerk

Approved as to form:

Karen Kelleher, Sr. Asst.
City Attorney

CITY OF SUNNYVALE

By: [Signature]
Title: CITY MANAGER

Date: May 15, 1992

Attest: [Signature]
City Clerk

Approved as to form:

[Signature]
City Attorney

EXHIBIT A

LIST OF ALLOCATION QUANTITIES IN TONS

YEAR	SUNNYVALE	MOUNTAIN VIEW	PALO ALTO	TOTAL
1992	0	0	0	0
1993 *	82,127	44,657	29,480	156,263
1994	159,076	75,885	59,168	294,129
1995	153,794	76,465	59,472	289,731
1996	150,589	77,381	57,742	285,712
1997	147,249	78,309	55,971	281,529
1998	143,845	79,249	54,159	277,253
1999	140,379	53,488	52,304	246,171
2000	136,848	54,112	50,408	241,368
2001	135,513	54,480	50,912	240,905
2002	136,436	54,850	51,421	242,707
2003	137,365	55,224	51,935	244,524
2004	138,301	55,600	52,455	246,356
2005	139,243	55,980	52,979	248,202
2006	140,191	56,361	53,509	250,061
2007	141,146	56,744	54,044	251,934
2008	142,107	57,130	54,585	253,822
2009	143,075	57,518	55,130	255,723
2010	144,049	57,909	55,682	257,640
2011	145,030	58,303	56,239	259,572
2012	146,018	58,700	56,801	261,519
2013	147,013	59,099	57,369	263,481
2014	148,014	59,501	57,943	265,458
2015	149,022	59,905	58,522	267,449
2016	150,037	60,312	59,107	269,456
2017	151,059	60,723	59,698	271,480
2018	152,087	61,136	60,295	273,518
2019	153,123	61,551	60,898	275,572
2020	154,166	61,970	61,507	277,643
2021 **	116,412	46,793	46,592	209,797
TOTAL	4,123,310	1,749,333	1,586,326	7,458,970

* Assumes deliveries begin July 1, 1993.

** Assumes deliveries end September 30, 2021.

Handwritten signatures and initials:
 Dato
 CB
 JX

SMART STATION

Projected Capital Costs (1992 Dollars)

DEVELOPMENT COSTS

- Project development expenses, including but not limited to: design, permit acquisition, site improvement work, road widening and miscellaneous site information, LFG modifications, LFG monitoring, utility connections, and construction management.	\$ 6,189,00
- Construction building (including HVAC, plumbing mechanical) foundation, receiving and handling building, and administrative building.	\$ 7,005,00
- Equipment including mobile vehicles (in-plant use), rolling stock (in-plant use), wood and yard waste processing, transfer haul trucks, transfer haul containers, materials, miscellaneous processing, drop-off recycling containers, sales tax, spare parts, freight install, mixed waste processing, office/tools supplies.	\$ 9,205,00
- Performance bond, start-up labor and utilities.	\$ 520,00
- Contingency 10%	\$ 2,297,90
Construction/Development Cost Total:	\$25,274,90

EXHIBIT B

EXHIBIT C

SMaRT STATION REIMBURSABLE OPERATING AND MAINTENANCE EXPENSES

I. If Operations of Station Are Contracted to Third Party

1. All payments to third party under operating contract.
2. Costs associated with contract management, oversight, inspection and auditing.

II. If Station is Operated by Sunnyvale Forces

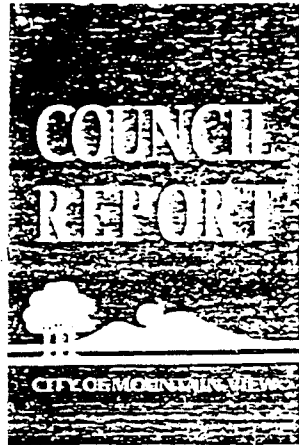
All costs of operation, including an appropriate allocation for overhead, management and administration, allocable under generally accepted accounting principles, including the following:

1. Personnel costs, including: wages, salaries, and employee benefits; health, disability, workers compensation and accidental insurance (including self-insurance payments); sick and vacation pay; hiring and training costs; payroll and other employment taxes; payroll tax service, and employee management and administration.
2. Vehicle and equipment acquisition, maintenance, repair and replacement costs, including: financing and other acquisition costs, depreciation costs, fuel, utilities, maintenance and repair contracts, spare parts, and supplies.
3. Regulatory costs relating to the ownership, operation or use of the SMaRT Station and all related vehicles and equipment, including: licenses, permits, fees, in lieu fees, groundwater monitoring or hazardous materials investigation, response, remediation or disposal costs, LFG monitoring and remediation costs, and any other regulatory control measures.
4. Administrative and management expenses, including: supplies and materials, equipment, service and repair, outside support services (e.g. printing and data processing), mileage and meeting expenses, internal or outside accounting, management, legal, engineering, architectural or other professional support services, and other administrative overhead.
5. Other operational costs, including: facility landscaping and maintenance, traffic control and roadway maintenance, repair, and replacement, disposal

fees at Kirby Canyon and other disposition costs,
management studies, laundry and cleaning.

The cities of Palo Alto and Mountain View recognize that the City of Sunnyvale may incur additional operating costs other than those identified above. For such additional costs, the City of Sunnyvale shall submit a revised "Exhibit C" identifying the additional categories of cost for the approval of the other Cities. Such approval shall not be unreasonably withheld or delayed.

EXHIBIT C



AGENDA: May 12, 1992
CATEGORY: Old Business
DEPT.: Utilities/Solid Waste Division
TITLE: Memorandum of Understanding Between
Mountain View, Palo Alto and Sunnyvale—
Solid Waste Transfer Station

RECOMMENDATION

Approve a second Memorandum of Understanding (MOU) authorizing the City Manager to finalize an agreement to participate in the building and operation of a solid waste transfer and materials recovery facility along with the Cities of Palo Alto and Sunnyvale.

FISCAL IMPACT

The construction cost for building the Transfer Station/Materials Recovery facility will total approximately \$26 million. The annual debt service amounts to approximately \$2.2 million. Mountain View's portion of the debt service amounts to about \$516,000 annually for 30 years (the length of the MOU).

The anticipated annual operating cost for the facility will be \$9.4 million (current dollars). The City's share of these costs will be approximately \$2.4 million per year (also includes a host fee of \$2.28 per ton due the City of Sunnyvale). These costs could be offset significantly by revenues generated through the sale of the recovered materials and through the gate fees charged for use of the facility by the public. These revenues (based on expected tonnages) could be as high as \$1 million per year to the City of Mountain View. Due to the volatile nature of the market and the expected glut of materials (as a result of AB 939), it is difficult to predict the actual net fiscal impact these revenues will have.

The total gross cost per year to the City of Mountain View will be approximately \$2.9 million. The average single-family residential customer would experience a 30 percent increase or \$3.00 per month if the facility costs were in effect today. These costs could be offset by as much as \$1 million annually. This could reduce the monthly impact to about \$2.00.

Attached you will find a table that compares the City's option to that of the private (Western Waste) option.

BACKGROUND AND ANALYSIS

The Cities of Mountain View, Palo Alto and Sunnyvale negotiated contractual commitments with Waste Management of California, Inc. (WMC) for solid waste disposal capacity at the Kirby Canyon Sanitary Landfill in San Jose. It was a condition of that agreement

APPROVED BY THE MOUNTAIN VIEW
CITY COUNCIL ON May 12, 1992

that all three Cities enter into a Memorandum of Understanding under which Mountain View and Palo Alto commit to deliver municipal solid waste generated within their geographic boundaries to a materials recovery and transfer station to be constructed on property owned by Sunnyvale, and to pay Sunnyvale a fee for use of that facility. The three Cities entered into an MOU on September 30, 1991.

As contemplated by the MOU, the three Cities negotiated with WMC regarding the terms and conditions under which WMC would construct and operate the station. At the end of December 1991, all of the Cities concluded that it would be in their best interest for Sunnyvale to issue a request for proposal (RFP) for construction and operation of the facility. An RFP was developed by Sunnyvale with the advice and assistance of the other Cities and issued in January 1992.

Proposals in response to the RFP were received by two firms on April 2, 1992. These two firms were Western Waste, Inc. of Southern California and SMaRT Corp., a coalition of local refuse disposal companies headed by Specialty Solid Waste and Recycling of Sunnyvale. The three Cities evaluated the two proposals extensively and interviewed both firms at length. As a result, SMaRT Corp. was eliminated from further consideration due to various weaknesses in its proposal. Although the Western Waste proposal was responsive, having analyzed the costs, risks and benefits of both alternatives, staff has concluded that the City-built facility could result in lower costs and will provide the City with more control of its solid waste management system than the Western Waste proposal.

The contracts between the three Cities and WMC also envision an option under which Sunnyvale would not award a single contract for construction and operation of the facility, but would, instead, construct the facility itself or jointly with one or both of the other Cities. The Cities believe that such an approach may have advantages for all Cities and should be evaluated along with other proposals received in response to the RFP. In order for Sunnyvale to proceed with construction of the station on its own, it must have the assurance of the other Cities that they will participate in the capital and operating costs of the facility, which will be directly incurred by Sunnyvale. Since the previous MOU contemplated a single long-term contract with a third party, it does not directly address certain aspects on which all Cities desire to have a clear agreement among themselves.

In order to allow for a timely decision to be made between Sunnyvale's accepting the proposal and constructing the station itself, the Cities' desire to memorialize an agreement on how that decision will be made and on how the respective obligations among themselves will be determined during construction and operation of the facility should they choose to build an operate the facility themselves. The following are some key elements from this MOU:

- The City Manager of Sunnyvale will present a report to the City Managers of Mountain View and Palo Alto. This report will address the advantages and

disadvantages of (a) accepting the best proposal, or (b) rejecting all proposals and proceeding to finance and construct the station itself.

- Sunnyvale will not reject all proposals and proceed to construct the station itself unless the City Managers of all three Cities agree that it is the best course of action.

Should Sunnyvale build the facility, the following key items will occur:

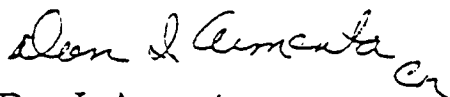
- Sunnyvale would build and own the facility.
- The agreement assures the City capacity at the facility for its expected waste stream, and the ability to market any excess capacity, for 30 years. Mountain View will continue to collaborate with Sunnyvale and Palo Alto on the operation of the facility. The three cities will share revenues generated at the facility based on their proportionate share of the waste stream.
- Mountain View and Palo Alto shall be exempt from any tax, levy, assessment or other charge which may be imposed by Sunnyvale on the use of the facility if the effect of the charge is to disproportionately and inequitably burden Palo Alto and Mountain View while shielding Sunnyvale from the charges.
- The Cities of Mountain View and Palo Alto will reimburse Sunnyvale for their share of all costs of design, construction, and associated site improvements. Each City's share will be based on its proportion of the three Cities' capacity currently reserved at Kirby Canyon.
- Mountain View and Palo Alto will also pay to Sunnyvale its share of operating and maintaining the facility. This again will be based on the formula listed above.
- Sunnyvale will notify Mountain View and Palo Alto should the anticipated capital costs exceed 120 percent at the earliest determination. The three Cities would then jointly proceed to establish and approve a new budget for the project. Any disputes will be resolved through binding arbitration.

The Cities of Palo Alto and Sunnyvale have already approved the second MOU. The next step in the process will be for the three City Managers to execute the document.

SUMMARY

Staff believes that the second MOU among the Cities represents the best interest of the City of Mountain View and recommends its approval. The City Attorney has reviewed the document and concurs.

Prepared by:

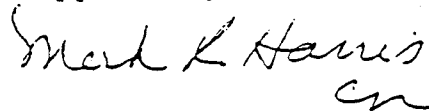


Dan I. Armenta
Solid Waste Program Manager

DIA/CAM
742-4-20-92M

Attachment

Approved by:



Mark R. Harris
Utilities Director



Kevin C. Duggan
City Manager

SUMMARY OF MRF LIFECYCLE NET ANNUAL COST TO CITIES

Western Waste Industries Proposal

vs

City Owned Facility

(based on expected tonnages)

FY 94/95†

	<u>Western Waste Industries</u>	<u>City Owned Facility</u>
A. Tons-Kirby Canyon Allocation Quantity	294,129	294,129
B. Adjusted Tons (A/0.85)	346,034	346,034
C. Bond-Annual Debt Service/ Principle & Interest		\$2,200,603
D. Annual Operating Costs Est. @ 8.8M '92 ††		\$9,849,840
E. Proposed Tipping Fee/ton @ \$28.50 for 1992*	\$31.12	
F. Annual Tipping Fees (BxE)	\$10,769,274	
G. Gross Cost/ton	\$31.12	\$34.82
H. 100% Revenues Generated from Recovered Materials		\$3,428,459
I. 10% Revenues Generated from Recovered Materials	\$442,854	
J. Net Gate Fee Revenues @ \$3.50/yd ('92 rate) ††† =		\$947,620
K. Net Annual Cost to Cities**	\$10,326,420	\$7,674,364
L. Net Cost/ton (K/B)	\$29.64	\$22.18

Notes:

† The 1994-95 fiscal year was used because that would be the first year debt service is paid.

†† Estimated operating costs are adjusted for inflation at an annual rate of 2.5% for the year 92/93, 4% for the year 93/94, and 5% for all subsequent years.

††† Gate fee revenues are adjusted for inflation at an annual rate of 2.5% for the year 92/93, 4% for the year 93/94, and 5% for all subsequent years.

= Net Gate Fee Revenues excludes the cost of publicly hauled refuse.

* Proposed tipping fees are adjusted for inflation at an annual rate of 4% for the year 93/94, and 5% for all subsequent years.

** Net annual cost to cities for Western Waste Industries proposal uses the formula (F-I)/B; for City Owned Facility, (C+D)-(H+J)/B.

EXHIBIT A

OPTION TERM (UP TO TEN YEARS)

LIST OF ALLOCATION QUANTITIES IN TONS

<u>YEAR</u>	SUNNYVALE	MOUNTAIN VIEW	PALO ALTO	TOTAL
1	155,214	62,391	61,925	279,531
2	156,270	62,815	62,346	281,431
3	157,332	63,242	62,770	283,345
4	158,402	63,672	63,197	285,272
5	159,479	64,105	63,627	287,212
6	160,564	64,541	64,060	289,165
7	161,656	64,980	64,495	291,131
8	162,755	65,422	64,934	293,111
9	163,862	65,867	65,375	295,104
10	164,976	66,315	65,820	297,111

DWS

15 28



AGENDA: April 28, 1992

CATEGORY: Old Business

DEPT.: Utilities/Solid Waste Division

TITLE: Memorandum of Understanding Between
Mountain View, Palo Alto and Sunnyvale—
Solid Waste Transfer Station

RECOMMENDATION

Approve a second Memorandum of Understanding (MOU) authorizing the City Manager to finalize an agreement to participate in the building and operation of a solid waste transfer and materials recovery facility along with the Cities of Palo Alto and Sunnyvale.

FISCAL IMPACT

Preliminary financing analysis indicates that the Cities' option of building and operating the transfer station/materials recovery station is very comparable to the remaining bid proposal (Western Waste—a net cost of approximately \$30 per ton or \$2.1 million annually). However, negotiations are still underway with Western Waste and final analysis on the Cities' option is not complete.

BACKGROUND AND ANALYSIS

The Cities of Mountain View, Palo Alto and Sunnyvale negotiated contractual commitments with Waste Management of California, Inc. (WMC) for solid waste disposal capacity at the Kirby Canyon Sanitary Landfill in San Jose. It was a condition of that agreement that all three Cities enter into a Memorandum of Understanding under which Mountain View and Palo Alto commit to deliver municipal solid waste generated within their geographic boundaries to a materials recovery and transfer station to be constructed on property owned by Sunnyvale, and to pay Sunnyvale a fee for use of that facility. The three Cities entered into an MOU on September 30, 1991.

As contemplated by the MOU, the three Cities negotiated with WMC regarding the terms and conditions under which WMC would construct and operate the station. At the end of December 1991, all of the Cities concluded that it would be in their best interest for Sunnyvale to issue a request for proposal (RFP) for construction and operation of the facility. An RFP was developed by Sunnyvale with the advice and assistance of the other Cities and issued in January 1992.

Proposals in response to the RFP were received by two firms on April 2, 1992. These two firms were Western Waste, Inc. of Southern California and SMaRT Corp., a coalition of local refuse disposal companies headed by Specialty Solid Waste and Recycling of Sunnyvale. The three Cities evaluated the two proposals extensively and interviewed

4/28/92 Continued to 5/12/92.

both firms at length. As a result, SMaRT Corp. was eliminated from further consideration due to various weaknesses in its proposal. Further evaluation of the Western Waste proposal is still underway.

The contracts between the three Cities and WMC also envision an option under which Sunnyvale would not award a single contract for construction and operation of the facility, but would, instead, construct the facility itself or jointly with one or both of the other Cities. The Cities believe that such an approach may have advantages for all Cities and should be evaluated along with other proposals received in response to the RFP. In order for Sunnyvale to proceed with construction of the station on its own, it must have the assurance of the other Cities that they will participate in the capital and operating costs of the facility, which will be directly incurred by Sunnyvale. Since the previous MOU contemplated a single long-term contract with a third party, it does not directly address certain aspects on which all Cities desire to have a clear agreement among themselves.

In order to allow for a timely decision to be made between Sunnyvale's accepting the proposal and constructing the station itself, the Cities' desire to memorialize an agreement on how that decision will be made and on how the respective obligations among themselves will be determined during construction and operation of the facility should they choose to build and operate the facility themselves. The following are some key elements from this MOU:

- The City Manager of Sunnyvale will present a report to the City Managers of Mountain View and Palo Alto. This report will address the advantages and disadvantages of (a) accepting the best proposal, or (b) rejecting all proposals and proceeding to finance and construct the station itself.
- Sunnyvale will not reject all proposals and proceed to construct the station itself unless the City Managers of all three Cities agree that it is the best course of action.

Should Sunnyvale build the facility, the following key items will occur:

- Sunnyvale would build and own the facility.
- The Cities of Mountain View and Palo Alto will reimburse Sunnyvale for their share of all costs of design, construction, and associated site improvements. Each City's share will be based on its proportion of the three Cities' capacity currently reserved at Kirby Canyon.
- Mountain View and Palo Alto will also pay to Sunnyvale its share of operating and maintaining the facility. This again will be based on the formula listed above.

EXHIBIT A

MRF COST COMPARISON**

4/15/92

<u>ITEM</u>	<u>WESTERN WASTE</u>	<u>CITY</u>
Const. Cost	\$25.2 million	\$26 million
Ann. Op. Cost	\$7.2 million	\$8.8 million
Debt. Svce.	0	\$2.35 million*
Tip Fee	\$28.50/ton	\$41.70/ton
Revenue	\$1.65/ton	\$12.50/ton
Gate Fees	N/A	\$1.97/ton
Net Tip Fee	\$26.85/ton	\$27.23/ton
Mkt. Risk	City 10%	City 100%

* Assumes \$25 million financed over 30 years at 6.85% interest

** Assumes annual MRF throughput of 267,321 tons of MSW

The next step in the selection process will be a final meeting with Western Waste. Following that meeting, the City Managers of the three Cities will make a decision as to which option offers the best course of action by May 5, 1992.

SUMMARY

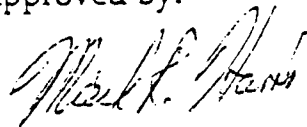
Staff believes that the second MOU among the Cities represents the best interest of the City of Mountain View and recommends its approval. The City Attorney has reviewed the document and concurs.

Prepared by:



Dan I. Armenta
Solid Waste Program Manager

Approved by:



Mark R. Harris
Utilities Director



Kevin C. Duggan
City Manager

DIA/CAM
742-4-20-92M

Attachment

SECOND MEMORANDUM OF UNDERSTANDING
AMONG THE CITIES OF
MOUNTAIN VIEW, PALO ALTO AND SUNNYVALE
RELATING TO THE CONSTRUCTION AND OPERATION OF A
MATERIALS RECOVERY AND TRANSFER STATION AND
THE LONG TERM DISPOSAL OF MUNICIPAL SOLID WASTE
AT KIRBY CANYON

THIS SECOND MEMORANDUM OF UNDERSTANDING ("Second MOU") is made as of the _____ day of _____, 1992, by and among the City of Mountain View, the City of Palo Alto, and the City of Sunnyvale (collectively "Cities").

The Cities agree as follows:

I. Background to and Purpose of MOU

1. The Cities, acting collectively and cooperatively, have negotiated contractual commitments from Waste Management of California, Inc. ("Waste Management") for solid waste disposal capacity at the Kirby Canyon Sanitary Landfill in San Jose. The amount of capacity secured is sufficient to accommodate the Cities' individual requirements for a period of approximately 30 years.

2. The terms and conditions of this commitment of disposal capacity are set forth in three separate, but interrelated, contracts between each of the Cities and Waste Management.

3. It was a condition precedent to the effectiveness of the contract between Sunnyvale and Waste Management that all three Cities, on or before October 15, 1991, have entered into a MOU under which Mountain View and Palo Alto commit to deliver Municipal Solid Waste generated within their geographic boundaries to a Materials Recovery and Transfer Station ("SMaRT Station") to be constructed on property owned by Sunnyvale and to pay Sunnyvale a fee for the use of the SMaRT Station.

4. In order to satisfy the condition precedent just described, and to facilitate continued cooperation and coordinated action in relation to the SMaRT Station and Waste Management, the Cities entered into a Memorandum of Understanding dated as of September 30, 1991 ("MOU").

5. As contemplated by the MOU, Sunnyvale negotiated with Waste Management regarding the terms and conditions under which Waste Management would construct and thereafter operate the SMaRT Station. At the end of December 1991, all of the Cities concluded that it would be in their best interests for Sunnyvale

to issue a Request for Proposals ("RFP") to qualified firms for construction and operation of the SMaRT Station, a course of action also contemplated by the MOU.

6. An RFP was developed by Sunnyvale with the advice and assistance of the other Cities and issued in January 1992. The RFP and addenda thereto reflect the consensus of all Cities as to matters of both format and content, including the SMaRT Station's capacity of 1,500 tons per day.

7. Proposals in response to the RFP were received from two firms on April 2, 1992. Sunnyvale, with the assistance of the other Cities, is now evaluating those Proposals.

8. The contract between Sunnyvale and Waste Management also envisions an option under which Sunnyvale would not award a single contract for construction and operation of the Station but would, instead, construct the Station itself or jointly with one or both of the other Cities and thereafter decide on the method and details of an operating contract. The Cities believe that such an approach may have advantages for all Cities and should be evaluated along with the Proposals received in response to the RFP.

9. Whether Sunnyvale selects a Proposal and awards a contract for construction and operation of the SMaRT Station to one of the Proposers or elects to construct the Station itself and operate it, or defer the operating procedures for a later contract, Sunnyvale must indicate to Waste Management on or before April 30, 1992 that it is prepared to proceed with construction of the SMaRT Station. Provided Waste Management makes certain required representations regarding the permits for Kirby Canyon by April 30, 1992, Sunnyvale must thereafter decide to actually proceed with construction either through one contract, several separate contracts, or some other method such as constructing the Station itself. And in order for Sunnyvale to proceed with construction of the SMaRT Station on its own, it must have the assurance of the other Cities that they will participate in the capital and operating costs of the SMaRT Station which will be directly incurred by Sunnyvale. Since the MOU, and the First Supplement thereto dated as of March 17, 1992, contemplated a single, long-term contract with a third party which would finance, design, construct and operate the SMaRT Station, it does not directly address certain aspects on which all Cities desire to have a clear agreement amongst themselves before Sunnyvale proceeds with the alternative of financing and constructing the SMaRT Station itself.

10. In order to allow for a timely decision to be made between Sunnyvale's accepting one of the Proposals and constructing the SMaRT Station itself, the Cities now desire to memorialize agreement on how that decision will be made, and on their respective obligations amongst themselves during

construction and operation of the Station if it is in fact decided that it is in the best interests of all Cities for Sunnyvale to finance and construct the SMaRT Station itself.

II. Decision on Method of Construction of SMaRT Station

1. Sunnyvale will, with the assistance of the other Cities, evaluate the Proposals received. On or before April 29, 1992, the City Manager of Sunnyvale will present a report to the City Managers of Mountain View and Palo Alto. This report, which may be presented orally, will address the advantages and disadvantages of (a) Sunnyvale's accepting the best Proposal or (b) Sunnyvale's rejecting all Proposals and proceeding to finance and construct the SMaRT Station itself, utilizing a series of prime contracts and the assistance of an experienced engineering firm as construction manager.

2. Sunnyvale will not reject all Proposals and proceed to construct the SMaRT Station itself unless the City Managers of all three Cities agree that this is the best course. If all three City Managers do so agree, that recommendation will be made to the Sunnyvale City Council. The Sunnyvale City Council, notwithstanding such a recommendation, may decide to accept one of the Proposals. If it does accept one of the Proposals, this Second MOU will be of no further force or effect, as provided in Section VI.2.

III. Cooperative Provision Applicable To Phase One (Before the SMaRT Station Begins Operation)

1. Sunnyvale will arrange for the construction of the SMaRT Station, which will be consistent in all material respects (e.g. location, size, throughput capacity, recycling capabilities) with the Project described in the RFP and the addenda thereto, unless the changes are agreed to by both Mountain View and Palo Alto.

2. Sunnyvale will require in all construction contracts that the SMaRT Station be completed sufficiently so that it is able to operate as a Transfer Station (i.e., for Municipal Solid Waste to be transferred to Transfer Vehicles for delivery to Kirby Canyon) by July 1, 1993, as contemplated in the Cities' Disposal Contracts with Waste Management.

3. Sunnyvale will be solely responsible for securing funds to pay the costs of design, construction management, payment of \$400,000 to Waste Management for design documents, and construction of the SMaRT Station (and associated site improvements, including access roads) and for administration of the contracts involved in the design and construction process. Sunnyvale will keep Mountain View and Palo Alto informed, on a regular basis, of the progress of construction. Sunnyvale will promptly alert the Cities to any difficulties encountered in

construction. In particular, Sunnyvale will immediately alert the Cities to any possibility that the construction will not be completed by July 1, 1993 as described in the foregoing paragraph.

4. Sunnyvale will own the SMaRT Station.

5. The cities of Mountain View and Palo Alto will reimburse Sunnyvale for their share of all costs of design, payment of \$400,000 to Waste Management, construction and construction management related to the SMaRT Station and associated site improvements, including the access roads ("capital costs"). Each city's share will be based on its proportion of the three Cities' capacity currently reserved at Kirby Canyon, as shown on Exhibit A to each city's contract with Waste Management, a copy of which is attached hereto as Exhibit A and incorporated herein by this reference. As shown on Exhibit A, each city's share of the total capital costs, and the percentage Mountain View and Palo Alto will reimburse to Sunnyvale is:

Mountain View	23.45%
Palo Alto	21.27%
Sunnyvale	55.28%

6. Sunnyvale anticipates issuing revenue bonds, certificates of participation, or other evidences of indebtedness to pay for some or all of the capital costs. If Sunnyvale does finance some or all of the capital costs, Mountain View and Palo Alto will pay to Sunnyvale their share of the debt service, based on the percentages set forth in the foregoing paragraph. Such payments will be made at the frequencies required by the evidence of indebtedness and at times required to permit Sunnyvale to make the periodic debt service payments when due. To the extent that some or all of the capital costs are not financed, but are paid by Sunnyvale from its funds, then Mountain View and Palo Alto will reimburse Sunnyvale for their proportionate share of such costs advanced by Sunnyvale, within thirty (30) days after receipt of a bill from Sunnyvale.

7. Attached hereto as Exhibit B, is a proposed budget for the anticipated capital costs for the Station. If the City of Sunnyvale hereafter determines that its actual capital costs will exceed the projected capital costs reflected in Exhibit B by more than twenty percent (20%), Sunnyvale shall notify the other Cities within a reasonable time of such determination and the Cities shall promptly review the capital costs incurred and to be incurred in completing the Station, and shall establish a new budget for the remaining improvements and other costs that comprise the capital investment. None of the Cities shall unreasonably delay or withhold its consent in authorizing such an amended budget. For these purposes, it shall be unreasonable to refuse consent to additional capital costs which are necessary

for the completion of the Station and which are budgeted consistent with market rates for the required materials, labor and effort, including administrative and overhead costs to be incurred by Sunnyvale. If the City of Sunnyvale thereafter again determines that its actual costs in pursuing the completion of the Station exceeds an approved revised budget amount by more than twenty percent (20%), Sunnyvale shall again notify the other Cities within a reasonable time of such determination and the Cities shall again review and approve a new budget as in the first instance. If the Cities fail to reach agreement on a revised budget under this provision, the Cities shall immediately submit such a dispute to binding arbitration, and the arbitrator shall determine what the adjusted budget should be.

IV. Cooperative Provisions Applicable to Phase Two (After the SMaRT Station Begins Operation)

1. Each of the three Cities agrees to deliver Municipal Solid Waste to the SMaRT Station in sufficient quantity so that 75 percent of each city's respective annual Allocation Quantity, set forth in Exhibit A to the Cities' contracts with Waste Management, is delivered to Kirby Canyon. In addition, each of the Cities agrees to deliver Municipal Solid Waste to the SMaRT Station in an amount not less than 88 percent of each city's respective annual Allocation Quantity set forth in Exhibit A.

2. Commencing on July 1, 1992 all three Cities will collaborate in planning for commencement of operations of the SMaRT Station including the methods of operation (i.e., by the City of Sunnyvale directly or through a contract with a private sector firm) and in the development of Request for Proposals or Invitation for Bids to operate the SMaRT Station. The Cities will endeavor to reach a consensus on the most advantageous method of operation including the terms and conditions of any operating contract, the phasing schedule for recycling operations, etc. All Cities recognize, however, that as the public entity owning and with the responsibility to operate the SMaRT Station, Sunnyvale must be solely responsible for ultimate decisions on the method of operation, including the format and contract of an RFP/IFB and subsequent operating contract. Notwithstanding this recognition, however, if any city is not fully satisfied with elements in the RFP/IFB which Sunnyvale staff intends to recommend to the Sunnyvale City Council, the City Managers of all three Cities will meet to consider the issues and alternatives. Sunnyvale will not issue the RFP/IFB until this meeting has been held, or an adequate opportunity for it to be held has been provided.

3. Each of the three Cities agrees to pay to Sunnyvale or to the operator of the SMaRT Station, as Sunnyvale directs, the following:

A. Disposal Fee (plus applicable taxes and fees) due to Waste Management under each city's contract with Waste Management. The Disposal Fee due from each city will be determined by multiplying the total amount due as shown on periodic invoices from Waste Management for Municipal Solid Waste delivered to Kirby Canyon by a fraction, the numerator of which is the amount, in Tons, of Municipal Solid Waste delivered by each city to the Transfer Station, and the denominator of which is the total amount of Municipal Solid Waste delivered to the Transfer Station.

In making the foregoing calculation, the following rules will apply:

(1) Only Municipal Solid Waste for which a Tipping Fee would have been charged under the terms of the RFP issued January 17, 1992 and referenced in Section I.6, above (i.e., waste material in vehicles that are directed to the tipping floor of the Transfer Station) will be included in the calculation; Recyclable Materials which are separately delivered for processing and recovery, and which do not need to be routed through the tipping floor, will be excluded.

(2) If the Transfer Station accepts Publicly Hauled Waste (i.e., waste which is delivered by private individuals and not by the Cities' Designated Haulers), and the Cities receive a portion of the Tipping Fee revenues paid by such individuals, then Municipal Solid Waste so delivered will be attributed to the city from which it or the driver originates and will be included in the above calculation.

(3) If the Transfer Station accepts Publicly Hauled Waste (i.e., waste which is delivered by private individuals and not by the Cities' Designated Haulers), but the Cities do not receive any portion of the Tipping Fee revenues paid by such individuals, the Municipal Solid Waste so delivered will not be attributed to the city from which it or the driver originates and will not be included in the above calculation.

The same formula will be used to allocate credit for Recycling conducted at the Transfer Station which involves Municipal Solid Waste delivered to the tipping floor.

As of April 1992, the Disposal Fee is \$21.99 plus \$5.53 in applicable taxes and fees, although the parties recognize that the City of San Jose has announced its intention to increase taxes on disposal of solid waste in San Jose, which, if enacted, would increase the amount of taxes and fees substantially.

B. The Cities' share of the Minimum Quantity Disposal Fee, if in any year the total Municipal Solid Waste delivered to Kirby Canyon is less than the total of the three Cities' Allocation Quantity for that year.

If the Minimum Quantity Disposal fee becomes payable, it will be allocated among the three Cities as follows:

- if only one city failed to deliver an amount of Municipal Solid Waste to the SMaRT Station equal to 75 percent of its annual Allocation Quantity divided by one minus the SMaRT Station recycling percentage (a single percentage to be agreed upon from time to time), then that city is solely responsible for the Minimum Quantity Disposal Fee provision becoming operative and it shall pay the Disposal Fee due for the difference between the Minimum Quantity and the quantity of Municipal Solid Waste actually delivered;

- if two Cities fail to deliver an amount of Municipal Solid Waste to the SMaRT Station equal to 75 percent of their respective annual Allocation Quantities divided by one minus the SMaRT Station recycling percentage, then each of those two Cities' share of the Disposal Fee due for the difference between the Minimum Quantity and the quantity of Municipal Solid Waste actually delivered will be determined by a fraction, the numerator of which is the amount, in Tons, by which each city fell short of delivering 75 percent of its Allocation Quantity, and the denominator of which is the sum, in Tons, of those two amounts;

- if all three Cities fail to deliver an amount of Municipal Solid Waste to the SMaRT Station equal to 75 percent of their respective annual Allocation Quantities divided by one minus the SMaRT Station recycling percentage, then each city's share of the Disposal Fee due for the difference between the Minimum Quantity and the quantity of Municipal Solid Waste actually delivered will be determined by a fraction, the numerator of which is the amount, in Tons, by which each city fell short of delivering 75 percent of its Allocation Quantity, and the denominator of which is the amount, in Tons, by which total deliveries to Kirby Canyon fell short of the total Minimum Quantity for all three Cities.

It is the intent of all Cities to coordinate efforts to meet Minimum Quantity requirements and, thus, avoid additional Disposal Fees. However, no city has any obligation under this MOU to deliver more Municipal Solid Waste to the SMaRT Station than it is required to do by its contract with Waste Management in order to offset the Minimum Quantity obligations of any other city or Cities which do not deliver the minimum amount of Municipal Solid Waste required to be delivered under their contract(s) with Waste Management.

C. The Cities' share of Excess Quantity Disposal Fee, if in any year the total Municipal Solid Waste delivered to Kirby Canyon exceeds 110 percent of the total of the three Cities' Allocation Quantity for that year and one or more of the

Cities has/have assigned some or all of their Allocation Quantity to a municipality other than one of the three Cities.

If an Excess Quantity Disposal Fee becomes payable, it will be allocated among the three Cities as follows:

- if only one city has assigned some or all of its Allocation Quantity to a municipality other than one of the three Cities, then that city will be solely responsible for the Excess Quantity Disposal Fee becoming operative and it shall pay the Excess Quantity Disposal Fee due for the difference between the total annual Allocation Quantity and the actual quantity of Municipal Solid Waste delivered from the SMaRT Station to Kirby Canyon;

- if more than one city has assigned some or all of its Allocation Quantity to a municipality other than one of the three Cities, then its share will be determined by the fraction which the sum of Municipal Solid Waste delivered to the SMaRT Station by it and by its assignee bears to all Municipal Solid Waste delivered to the Transfer Station by all Cities which have also assigned their Allocation Quantity and by their assignees.

D. Operating and Maintenance Costs of the SMaRT Station

Mountain View and Palo Alto will pay to Sunnyvale or the Station Operator, as Sunnyvale directs, their share of the costs of operating and maintenance of the SMaRT Station. Such costs will include the categories of expense listed on Exhibit C attached hereto and incorporated herein by this reference.

Each city's share of operating and maintenance costs will be determined by multiplying the total operating and maintenance costs by a fraction, the numerator of which is the amount, in tons, of Municipal Solid Waste delivered by each city to the Station during the period for which costs are being allocated, and the denominator is the total amount in Tons of Municipal Solid Waste delivered to the Station by all three Cities during that period.

If required by Sunnyvale, payments shall be made quarterly, payable on or before the 15th day of the second month in that quarter, based on estimated deliveries, with an annual reconciliation based on actual deliveries during a 12 month period.

E. Host Fee

Palo Alto and Mountain View will pay to Sunnyvale, or to the operator of the SMaRT Station as Sunnyvale

directs, a Host Fee for use of the SMaRT Station. At the commencement of this MOU, the Host Fee will be \$2.28 per Ton of Municipal Solid Waste delivered to the SMaRT Station. The Host Fee will be adjusted as of July 1, 1992 and annually thereafter to reflect changes in the San Francisco/Oakland/San Jose Metropolitan Area Consumer Price Index (All Urban Consumers; 1982-84=100) compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics. The Index level as of May 1991 (136.2) shall be the Base Index. The Host Fee shall be adjusted on July 1, 1992, for example, by multiplying \$2.28 by one plus the percentage change from the Base Index to the Index level as of May 1992.

3. The Cities agree that revenues from the sale of Recyclable Materials delivered to the SMaRT Station will be allocated among them in proportion to their respective contribution of such materials, taking into account quantity, type and grade of materials, including degree of separation. The parties will develop the details and mechanisms necessary to implement this allocation prior to the opening of the SMaRT Station for operation.

V. Other Agreements

1. Each city will comply with its obligations under Section 2.04 of its contract with Waste Management and will require its Designated Haulers to do so. Each city will comply and will require its Designated Haulers to comply with the Hazardous Waste Exclusion Program adopted by the operator of the SMaRT Station.

2. Each city will pay amounts due promptly and within the time periods specified for payment in Section 4.04 of its contract with Waste Management. Palo Alto and Mountain View will pay amounts due Sunnyvale in sufficient time to allow Sunnyvale to pay Waste Management within the time period specified for payment in Sunnyvale's contract with Waste Management.

3. The Cities will consult with each other and use their best efforts to establish consistent, coordinated positions, policies and actions in relation to Waste Management including, but not limited to, issues arising under the following provisions of the Cities' contracts with Waste Management:

- Section 1.03 (Extension of Term)
- Section 4.03 (Effect of Future Regulations)
- Section 4.04 (Billing and Payment Procedure)
- Section 5.02.A (Waste Management Insurance)
- Article 6 (Default by City)
- Article 7 (Default by Contractor)
- Section 8.02.B (Impossibility of Performance)
- Section 8.05.C (Approval of Assignment by Waste Management)

4. Each city will keep the other Cities informed of any plans it has to assign a portion of its Allocation Quantity and shall afford each of the other Cities the first right to acquire any portion of its Allocation Quantity which it intends to assign.

Each city will, as provided above, be responsible for any Excess Quantity Disposal Fee which may be incurred as a result of its assignment of Allocation Quantity. No city will assign any or all of its Allocation Quantity without the prior written consent of the other Cities, which consent will not be unreasonably withheld.

Sunnyvale may not enter into any agreement with a third party (excluding third parties who are its Municipal Solid Waste franchise haulers and those hauling Publicly Hauled Waste) for the delivery of any waste product to the SMART Station without the approval of either Palo Alto or Mountain View. If either Palo Alto or Mountain View is the proponent of such a third party contract, it must first obtain the approval of Sunnyvale. Such approvals shall not be unreasonably delayed or refused.

5. Each city will appoint one staff person who will be its representative in staff contacts between and among the Cities with regard to this Second MOU and to whom day to day communications and notices relating to it should be addressed.

These representatives will endeavor to foster coordination and cooperation in the implementation of this Second MOU and the parallel contracts with Waste Management and with the operator of the SMaRT Station. The representatives will meet at least once a month during Phase 1 and for the first six months of Phase 2 (i.e., until approximately January 1, 1994). Thereafter, they may meet as frequently as they consider necessary and appropriate. The representatives will not have authority to modify or amend this Second MOU.

6. The term of this Second MOU is 30 years from the effective date of the first MOU (i.e., October 15, 1991). The Second MOU will terminate prior to October 15, 2021, if all three Cities have exhausted their Allocation Quantities prior thereto. After 25 years or after 6,700,000 Tons of the Cities' Allocation Quantity has been utilized, whichever occurs first, the three Cities will meet to discuss all issues relevant to the possible extension of the Term by one or more Cities under Section 1.03 of the contracts with Waste Management. These meetings will continue for a period of six (6) months so as to permit the greatest degree of coordination and cooperation in the extensions. Sunnyvale is not required to operate the SMaRT Station beyond October 15, 2021, even if one or both of the other Cities wishes to extend the Term of its or their contracts with Waste Management, unless Sunnyvale elects to extend the Term of

its contract with Waste Management and then only for so long as it extends the Term of its contract, unless other arrangements satisfactory to Sunnyvale are made.

7. Capitalized terms in this Second MOU have the meaning assigned to them in Appendix One of the contracts between the Cities and Waste Management. In addition, "Municipal Solid Waste delivered by a city" means, for purposes of this Second MOU, Municipal Solid Waste delivered by city employees or by its Designated Hauler.

8. This Second MOU may be amended only with the consent of all parties, and any such amendments shall be in writing.

9. The Cities will develop detailed procedure to implement the cost and revenue allocation principles set forth in this Second MOU. To the extent that any such issue cannot be agreed upon, the Cities agree that it will be submitted to binding arbitration in accordance with the Rules of Commercial Arbitration of the American Arbitration Association. In determining the matter in controversy, the arbitrator shall follow the principles and policies for the allocation of costs and revenues as otherwise apply under the provisions of this Second MOU and shall strive to insure there is an equitable allocation of benefits and burdens relative to the matter in dispute.

10. The cities of Sunnyvale and Mountain View agree to deliver, or cause to be delivered, to the SMaRT Station all Recyclable Materials collected from residences by city employees, the city's Designated Hauler, or other Persons operating under contract with the city.

11. The cities of Mountain View and Palo Alto shall be exempt from the effects of any tax, levy, assessment, or other charge (collectively "Charges") not included or provided for under this Second MOU or related agreements executed by the Cities which may be imposed by Sunnyvale on the transport or disposal of solid waste to or at the SMaRT Station, if the effect of such charge is to disproportionately and inequitably burden Palo Alto and Mountain View while shielding the City of Sunnyvale from such charges.

VI. Effectiveness of Second MOU and Relationship to MOU

1. This Second MOU will become effective if Sunnyvale rejects all Proposals and elects instead to construct the SMaRT Station itself. In that case this Second MOU will supersede the MOU.

2. If Sunnyvale accepts a Proposal, then this Second MOU will of be no further force or effect and the relationship

among the Cities will be governed by the MOU and the First Supplement thereto.

3. Whichever course is followed, the Cities hereby reaffirm their commitment to the Kirby Canyon Disposal Contracts and to the construction of the SMART Station by July 1, 1993, as contemplated by the Disposal Contracts.

IN WITNESS WHEREOF, the Cities have executed this Second MOU as of the day and year first above written.

CITY OF MOUNTAIN VIEW

By: _____
Title: _____

Date: _____, 1992

Attest: _____
City Clerk

Approved as to form:

City Attorney

CITY OF PALO ALTO

By: _____
Title: _____

Date: _____, 1992

Attest: _____
City Clerk

Approved as to form:

City Attorney

CITY OF SUNNYVALE

By: _____
Title: _____

Date: _____, 1992

Attest: _____
City Clerk

Approved as to form:

City Attorney

EXHIBIT A

LIST OF ALLOCATION QUANTITIES IN TONS

<u>YEAR</u>	SUNNYVALE	MOUNTAIN VIEW	PALO ALTO	TOTAL
1992	0	0	0	0
1993 *	82,127	44,657	29,480	156,263
1994	159,076	75,885	59,168	294,129
1995	153,794	76,465	59,472	289,731
1996	150,539	77,381	57,742	285,712
1997	147,249	78,309	55,971	281,529
1998	143,845	79,249	54,159	277,253
1999	140,379	53,488	52,304	246,171
2000	136,848	54,112	50,408	241,368
2001	135,513	54,480	50,912	240,905
2002	136,436	54,850	51,421	242,707
2003	137,365	55,224	51,935	244,524
2004	138,301	55,600	52,455	246,356
2005	139,243	55,980	52,979	248,202
2006	140,191	56,361	53,509	250,061
2007	141,146	56,744	54,044	251,934
2008	142,107	57,130	54,565	253,822
2009	143,075	57,518	55,130	255,723
2010	144,049	57,909	55,682	257,640
2011	145,030	58,303	56,239	259,572
2012	146,018	58,700	56,801	261,519
2013	147,013	59,099	57,369	263,481
2014	148,014	59,501	57,943	265,458
2015	149,022	59,905	58,522	267,449
2016	150,037	60,312	59,107	269,456
2017	151,059	60,723	59,698	271,480
2018	152,087	61,136	60,295	273,518
2019	153,123	61,551	60,898	275,572
2020	154,166	61,970	61,507	277,643
2021 **	116,412	46,793	46,592	209,797
TOTAL	4,123,310	1,749,333	1,586,326	7,458,970

* Assumes deliveries begin July 1, 1993.

** Assumes deliveries end September 30, 2021.

DLB
CC *Y*

EXHIBIT A

OPTION TERM (UP TO TEN YEARS)

LIST OF ALLOCATION QUANTITIES IN TONS

<u>YEAR</u>	SUNNYVALE	MOUNTAIN VIEW	PALO ALTO	TOTAL
1	155,214	62,391	61,925	279,531
2	156,270	62,815	62,346	281,431
3	157,332	63,242	62,770	283,345
4	158,402	63,672	63,197	285,272
5	159,479	64,105	63,627	287,212
6	160,564	64,541	64,060	289,165
7	161,656	64,980	64,495	291,131
8	162,755	65,422	64,934	293,111
9	163,862	65,867	65,375	295,104
10	164,976	66,315	65,820	297,111

DLK
12 28

SMaRT STATION

Projected Capital Costs (1992 Dollars)

DEVELOPMENT COSTS

- Project development expenses, including but not limited to: design, permit acquisition, site improvement work, road widening and miscellaneous site information, LFG modifications, LFG monitoring, utility connections, and construction management.	\$ 6,139,000
- Construction building (including HVAC, plumbing mechanical) foundation, receiving and handling building, and administrative building.	\$ 7,005,000
- Equipment including mobile vehicles (in-plant use), rolling stock (in-plant use), wood and yard waste processing, transfer haul trucks, transfer haul containers, materials, miscellaneous processing, drop-off recycling containers, sales tax, spare parts, freight install, mixed waste processing, office/tools supplies.	\$ 9,205,000
- Performance bond, start-up labor and utilities.	\$ 530,000
- Contingency 10%	\$ 2,297,900
Construction/Development Cost Total:	\$25,274,900

EXHIBIT B

EXHIBIT C

SMaRT STATION REIMBURSABLE OPERATING AND MAINTENANCE EXPENSES

I. If Operations of Station Are Contracted to Third Party

1. All payments to third party under operating contract.
2. Costs associated with contract management, oversight, inspection and auditing.

II. If Station is Operated by Sunnyvale Forces

All costs of operation, including an appropriate allocation for overhead, management and administration, allocable under generally accepted accounting principles, including the following:

1. Personnel costs, including: wages, salaries, and employee benefits; health, disability, workers compensation and accidental insurance (including self-insurance payments); sick and vacation pay; hiring and training costs; payroll and other employment taxes, payroll tax service, and employee management and administration.
2. Vehicle and equipment acquisition, maintenance, repair and replacement costs, including: financing and other acquisition costs, depreciation costs, fuel, utilities, maintenance and repair contracts, spare parts, and supplies.
3. Regulatory costs relating to the ownership, operation or use of the SMaRT Station and all related vehicles and equipment, including: licenses, permits, fees, in lieu fees, groundwater monitoring or hazardous materials investigation, response, remediation or disposal costs, LFG monitoring and remediation costs, and any other regulatory control measures.
4. Administrative and management expenses, including: supplies and materials, equipment, service and repair, outside support services (e.g. printing and data processing), mileage and meeting expenses, internal or outside accounting, management, legal, engineering, architectural or other professional support services, and other administrative overhead.
5. Other operational costs, including: facility landscaping and maintenance, traffic control and roadway maintenance, repair, and replacement, disposal

fees at Kirby Canyon and other disposition costs,
management studies, laundry and cleaning.

The cities of Palo Alto and Mountain View recognize that the City of Sunnyvale may incur additional operating costs other than those identified above. For such additional costs, the City of Sunnyvale shall submit a revised "Exhibit C" identifying the additional categories of cost for the approval of the other Cities. Such approval shall not be unreasonably withheld or delayed.

EXHIBIT C

RESIDENTIAL NEIGHBORHOOD TRAFFIC DIVERSION
COST ESTTIMATE

	CHURCH @ CALDERON		CHURCH @ HOPE		DANA @ CALDERON	
ITEM	1	2	1	2	1	2
PCC ISLAND:						
CURB	1250	1250	1250	1225	1500	1500
SLAB	2815		2625	2625	1560	
SIGNS	1225	1225	1225	1225	800	800
STRIPING	1500	1500	500	500	510	510
LANDSCAPING		2500				1750
SIGNAL MODIFICAT.					300	300
REDWOOD BARRIER						
TIMBERCLAD BAR.						
REFLECT. MARKERS						
DECOR. BOLLARD	1600			1600		

TOTAL : 8390 6475 5600 7175 4670 4860

	DANA @ VIEW		HOPE @ CALIFORNIA		MERCY @ VIEW	
ITEM	1	2	1	2	1	2
PCC ISLAND:						
CURB	1500		1500		2500	
SLAB	2625		2625		4675	
SIGNS	525	525	525	525	4350	
STRIPING	500	500	500	500	750	
LANDSCAPING						
SIGNAL MODIFICAT.						
REDWOOD BARRIER				1000		
TIMBERCLAD BAR.						
REFLECT. MARKERS				50	850	
DECOR. BOLLARD	1600	1500	1600			

TOTAL : 6750 2525 6750 2075 13125

RESIDENTIAL NEIGHBORHOOD TRAFFIC DIVERSION
COST ESTTIMATE

	CHURCH @ CALDERON		CHURCH @ HOPE		DANA @ CALDERON	
ITEM	1	2	1	2	1	2
PCC ISLAND:						
CURB	1250	1250	1250	1225	1500	1500
SLAB	2815		2625	2625	1560	
SIGNS	1225	1225	1225	1225	800	800
STRIPING	1500	1500	500	500	510	510
LANDSCAPING		2500				1750
SIGNAL MODIFICAT.					300	300
REDWOOD BARRIER						
TIMBERCLAD BAR.						
REFLECT. MARKERS						
DECOR. BOLLARD	1600			1600		

TOTAL : 8390 6475 5600 7175 4670 4860

	DANA @ VIEW		HOPE @ CALIFORNIA		MERCY @ VIEW	
ITEM	1	2	1	2	1	2
PCC ISLAND:						
CURB	1500		1500		2500	
SLAB	2625		2625		4675	
SIGNS	525	525	525	525	4350	
STRIPING	500	500	500	500	750	
LANDSCAPING						
SIGNAL MODIFICAT.						
REDWOOD BARRIER				1000		
TIMBERCLAD BAR.						
REFLECT. MARKERS				50	850	
DECOR. BOLLARD	1600	1500	1600			

TOTAL : 6750 2525 6750 2075 13125